MJC INVESTMENTS CORP.

NOTICE OF 2021 ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the 2021 Annual Stockholders' Meeting ("**2021 ASM**") of **MJC INVESTMENTS CORPORATION (Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino)** (the *"***Company***"*) will be conducted virtually through **http://mjcinvestmentscorp.com/ASM2021.php** on **November 12, 2021** at **9:00 a.m**.

AGENDA

(1) Call to Order
(2) Certification of Notice and of Quorum
(3) Approval of the minutes of the Annual Stockholders' Meeting held on December 4, 2020
(4) Report of the President
(5) Approval of the Annual Report and the Audited Financial Statements of the Company for the period ended December 31, 2020
(6) Approval and ratification of all acts, investments, proceedings and resolutions of the Board, Board Committees and Management since the last annual stockholders' meeting held on December 4, 2020
(7) Election of the members of the Board of Directors
(8) Approval to delegate the appointment of external auditor for the fiscal year ending 31 December 2021 to the Board of Directors
(9) Other Matters
(10) Adjournment

A brief description of the Agenda items for stockholders' approval is attached as **Annex "A"** of this Notice.

Only stockholders of record as of **September 30, 2021** shall be entitled to notice of, and to vote at, the 2021 ASM, and any adjournment thereof.

Given the COVID-19 situation, stockholders of record may only participate via remote communication, and vote *in absentia* or by proxy.

Stockholders of record who intend to participate via remote communication, or to vote in *absentia* or by proxy, shall notify the Company via email at **asm2021@winfordmanila.com** no later than **November 02, 2021**. The **Procedures for Participating via Remote Communication, and For Voting in Absentia or by Proxy** are set forth in the Information Statement and attached as **Annex "B"** of this Notice.

Votes can be only be cast through Ballots or Proxies. The Ballot/Proxy is attached as **Annex "C"** of this Notice, and can be downloaded at **http://mjcinvestmentscorp.com/ASM2021.php.** All Ballots and Proxies shall be submitted via email at **asm2021@winfordmanila.com** no later than **November 02, 2021.** Validation of proxies is set for **November 05, 2021 at 5:00 p.m**.

We are not asking for proxies and stockholders are requested not to send us a proxy.

Pasig City, **September 17, 2021**.

Atty. Ferdinand A. Domingo
Corporate Secretary

Annex "A"
Rationale for Agenda Items

MJC Investments Corporation
2021 Annual Stockholders' Meeting

Rationale for Agenda Items

1. **Call to Order.** The Chairman of the Board, Atty. Alfonso R. Reyno, Jr., will formally open the 2021 Annual Stockholders' Meeting ("**2021 ASM")** of **MJC INVESTMENTS CORPORATION** (the "**Company**").

2. **Certification of Notice and of Quorum.** The Corporate Secretary, Atty. Ferdinand A. Domingo, will certify the notice requirements of the 2021 ASM have been complied with in accordance with ***SEC Notice dated March 16, 2021*** on *Alternative Mode for Distributing and Providing Copies of the Notice of Meeting, Information Statement, and Other Documents in Connection with the Holding of Annual Stockholders' Meeting for 2021*, and will attest whether a quorum is present in accordance with the Company's By-Laws and the Revised Corporation Code (RCC).

3. **Approval of the Minutes of the Annual Stockholders' Meeting held on December 04, 2020.** A copy of said Minutes is included in the Information Statement posted in the Company website and PSE EDGE.

4. **Report of the President.** The President's Report shall include the results of the Company's operations in 2020.

5. **Approval of the Annual Report and Audited Financial Statements of the Company for the period ended 31 December 2020.** Copies of the Annual Report and Audited Financial Statements are posted in the Company website and PSE EDGE.

6. **Approval and Ratification of All Acts, Investments, Proceedings and Resolutions of the Board of Directors, Board Committees and Management since the last Annual Stockholders' Meeting.** The acts submitted for approval and ratification are contained in the Information Statement posted in the Company website and PSE EDGE.

7. **Election of Members of the Board Directors**. The Chairman and Corporate Secretary will present the nominees for election as members of the Board of Directors, including the independent directors. The profiles of the nominees to the Board of Directors are contained in the Information Statement posted in the Company website and PSE EDGE.

8. **Approval to delegate the appointment of External Auditor for the fiscal year ending 31 December 2021 to the Board of Directors.** The approval of the stockholders is being sought for the delegation of the appointment of the External Auditor to the Board of Directors.

9. **Other Matters.** All other matters that arise after the Notice and Agenda and Information Statement have been sent out, may be presented to the stockholders for consideration. Stockholders may raise such matters as may be relevant.

10. **Adjournment.** After consideration of all business, the Chairman shall declare the 2021 ASM adjourned.

PROCEDURES FOR PARTICIPATING VIA REMOTE COMMUNICATION, AND FOR VOTING IN ABSENTIA OR BY PROXY

The 2021 Annual Stockholders' Meeting ("**2021 ASM**") of **MJC INVESTMENTS CORPORATION (Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino)** (the *"***Company***"*) will be conducted virtually through http://mjcinvestmentscorp.com/ASM2021.php on **November 12, 2021** at **9:00 a.m**.

Given the COVID-19 situation, stockholders of record as of **September 30, 2021** may only participate via remote communication, and vote *in absentia* or by proxy.

A. Registration Procedure

A stockholder who intends to participate via remote communication, or to vote *in absentia* or by proxy, must submit the following documentary requirements to the Company via email at **asm2021@winfordmanila.com** no later than **October 25, 2021**.

- *Certificated Stockholders (Individual)*

1. Stockholder's valid government-issued ID (e.g., Passport, Driver's License) showing photo, signature and personal details, preferably with residential address;
2. A valid and active e-mail address and contact number of the Individual Stockholder;
3. Stock Certificate Number/s; and
4. If appointing a proxy, duly accomplished and signed Proxy Form.

- *Certificated Stockholders (Corporate)*

1. Notarized Secretary's Certificate on the resolution attesting to the authority of the representative to vote for, and on behalf of the corporate stockholder;
2. Authorized Representative's valid government-issued ID (e.g., Passport, Driver's License), showing photo, signature and personal details, preferably with residential address;
3. A valid and active e-mail address and contact number of the Authorized Representative;
4. Stock Certificate Number/s; and
5. If appointing a proxy, duly accomplished and signed Proxy Form.

- *Stockholders with Shares PCD Participant/Broker Account*

1. Broker's Certification on the number of shares owned by the Stockholder;
2. Stockholder's valid government-issued ID (e.g., Passport, Driver's License), showing photo, signature and personal details, preferably with residential address;
3. A valid and active e-mail address and contact number of the Stockholder;
4. If appointing a proxy, duly accomplished and signed Proxy Form.

All documents submitted shall be subject to the verification and validation of the Company. Stockholders who have successfully registered shall receive an email providing the link and log-in credentials to access the meeting room for the 2021 ASM.

Only stockholders who have notified the Company of their intention to participate, and vote in the 2021 ASM by remote communication, and have been validated to be stockholders of record of the Company will be considered in computing stockholder attendance in the ASM.

B. Voting Procedure

Stockholders who have successfully registered may cast their votes on each Agenda item through Ballots or Proxies.

The Ballot/Proxy can be downloaded at **http://mjcinvestmentscorp.com/ASM2021.php.**

All Ballots or Proxies shall be submitted via email at **asm2021@winfordmanila.com** no later than **November 02, 2021.**

Below are the voting instructions.

1. ***For each Agenda item other than the Election of Directors***, the stockholder or proxy has the option to vote: "For", "Against", or "Abstain".

2. **For the Election of Directors**, the stockholder or proxy has the option to: (i) vote for all nominees, (ii) withhold vote for any of the nominees, or (iii) vote for certain nominees only. A stockholder may (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares owned, or (c) distribute them on the same principle among as many candidates as may be seen fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected.

The Corporate Secretary will count and tabulate the votes cast by Ballot or Proxy.

C. ASM Participation via Remote Communication

Stockholders who have successfully registered can participate in the 2021 ASM via remote communication. Stockholders who have successfully registered shall receive an email providing the and log-in credentials to access the meeting room for the 2021 ASM.

Stockholders may send their questions related to the agenda by email to **asm2021@winfordmanila.com** no later than the schedule of the 2021 ASM. The Company will endeavor to answer the questions during the Annual Meeting. For questions received but not entertained during the Annual Meeting due to time constraints, the Company will endeavor to answer said questions via email at a later time.

The proceedings of the 2021 ASM shall be recorded in audio and video format.

BALLOT/PROXY

Please mark as applicable:

☐ Vote by ballot: The undersigned stockholder of **MJC INVESTMENTS CORPORATION** (the "**Company**") casts his/her vote on the Agenda items for the 2021 Annual Stockholders' Meeting ("**2021 ASM**"), as expressly indicated with ''X'' below.

☐ Vote by proxy: The undersigned stockholder of the Company hereby names, constitutes, and appoints ____ or in his/her/its absence, the Chairman of the Meeting, as attorney-in-fact and proxy, to represent and vote all shares registered in his/her/its name at the **2021 ASM**, and any adjournment(s) thereof, as fully as the undersigned can if present and voting in person, ratifying all action taken on matters that may properly come before such meeting or its adjournment(s). The undersigned directs the proxy to vote on the Agenda items which have been expressly indicated with ''X'' below.

	Agenda Items for Approval	**FOR**	**AGAINST**	**ABSTAIN**
1.	Approval of the Minutes of the Annual Stockholders' Meeting held on December 04, 2020			
2.	Approval of the Annual Report and Audited Financial Statements for the year ended 31 December 2020			
3.	Approval and Ratification of all acts, investments, proceedings and resolutions of the Board of Directors, Board Committees and Management since the last Annual Stockholders' Meeting			
4.	Approval to delegate the appointment of Company's External Auditor for the fiscal year ending 31 December 2021 to the Board of Directors			
5.	**Election of Directors**	**VOTE FOR ALL**	**WITHHOLD FOR ALL**	**No. of Shares Voted**
	(1) Alfonso R. Reyno, Jr.			
	(2) Chai Seo Meng			
	(3) Jeffrey Rodrigo L. Evora			
	(4) Alfonso Victorio G. Reyno III			
	(5) Jose Alvaro D. Rubio			
	(6) John Anthony B. Espiritu			
	(7) Gabriel A. Dee			
	(8) Walter L. Mactal			
	(9) Dennis Ryan C. Uy			
	(10) Victor P. Lazatin (Independent Director)			
	(11) Adan T. Delamide (Independent Director)			

Signed this __________________________ 2021, at _______________________.

__________________________________ PRINTED NAME OF STOCKHOLDER

__________________________________ SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY

This Ballot/Proxy should be received by the Corporate Secretary of **MJC Investments Corporation** via email at asm2021@winfordmanila.com **no later than November 02, 2021**. This Ballot/Proxy, when properly executed, will be voted in the manner as marked/directed herein by the stockholder. If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting as recommended by the Chairman. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. Notarization of the proxy is not required. For corporate stockholders, please attach to this proxy form the secretary's certificate on the authority of the signatory to appoint the proxy and sign this form.

SECURITIES AND EXCHANGE COMMISSION

SEC Form 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [ ] Preliminary Information Statement
   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter: **MJC INVESTMENTS CORPORATION**
   (doing business under the name and style of WINFORD LEISURE AND ENTERTAINMENT COMPLEX and WINFORD HOTEL AND CASINO)

3. Province, Country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **10020**

5. BIR Tax Identification Number: **000-596-509**

6. Address of principal office: ` **Winford Hotel and Casino**
   MJC Drive, Sta. Cruz, Manila 1014

7. Registrant's telephone number, including area code: **(632) 8632-7373**

8. Date, Time and Place of the meeting of security holders:

November 12, 2021 (Friday) at 9:00 A.M.

Due to the COVID-19 pandemic and the Community Quarantine imposed within the National Capital Region, including the City of Manila where the Company's principal office is located, the physical and actual holding of the Annual Meeting cannot be conducted. The Annual Meeting shall be conducted via remote communications at the Company website: **http://mjcinvestmentscorp.com/ASM2021.php**

For health and safety considerations, the Chairman of the Board will be presiding the Annual Meeting via remote communications from his residence in Makati City.

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **October 14, 2021**

10. Securities registered pursuant to Section 8 and 12 of the Securities Regulation:

Title of Each Class Outstanding	Number of Shares of Common Stock Outstanding
Common	**3,174,405,821**

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

   Yes [✓] No [ ]

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

   Philippine Stock Exchange – Common Shares

MJC INVESTMENTS CORPORATION

INFORMATION STATEMENT

**WE ARE NOT ASKING FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY.**

A. GENERAL INFORMATION

Item 1. Date, time and place of Meeting of Security Holders (the "**Annual Meeting**")

(a) **Date:** **November 12, 2021 (Friday)**

Time: **9:00 a.m.**

Place: Due to the COVID-19 pandemic and the Community Quarantine imposed within the National Capital Region, including the City of Manila where the Company's principal office is located, the physical and actual holding of the Annual Meeting cannot be conducted. The Annual Meeting shall be conducted via remote communications at the Company website: **http://mjcinvestmentscorp.com/ASM2021.php**

For health and safety considerations, the Chairman of the Board will be presiding the Annual Meeting via remote communications from his residence in Makati City.

Principal Office: **Winford Hotel and Casino
MJC Drive, Sta. Cruz, 1014, Manila**

(b) **Approximate date on which the Information Statement will first be sent or given to Security Holders:**

This Information Statement shall be available beginning **October 14, 2021** at the Company's website: **http://mjcinvestmentscorp.com/ASM2021.php**

Item 2. Dissenters' Right of Appraisal

Section 80 of the Revised Corporation Code ("**RCC**") provides that any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in in the following instances: (1) in case an amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the terms of corporate existence; (2) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; (3) in case of merger or consolidation; and (4) in case of investment of corporate funds for any purpose other than the primary purpose of the Company.

Pursuant to Section 81 of the RCC, the appraisal right may be exercised by the dissenting stockholder who votes against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken, for payment of the fair market value of shares held. Failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the Company.

No matter will be presented for stockholders' approval during the Annual Meeting that may occasion the exercise of the right of appraisal.

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

No director or officer of the Company since the beginning of the last fiscal year, or any nominee for election as director, or any of their associates, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the Annual Meeting, other than election to office.

No director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the Annual Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Voting securities entitled to vote at the Annual Meeting

As of **September 30, 2021**, the total number of common shares outstanding and entitled to vote at the Annual Meeting is 3,174,405,821 shares.

(b) Record Date

Only stockholders of record at the close of business on **September 30, 2021** (the "**Record Date**") are entitled to notice of, and to vote at, the Annual Meeting. Each stockholder shall be entitled to one (1) vote for each common share of stock held as of the Record Date.

(c) Election of directors

Cumulative voting is allowed for election of members of the Board of Directors. Please refer to Item 19 (Voting Procedures) of the Information Statement.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

(1) <u>Security Ownership of Record and Beneficial Owners of more than 5% of voting securities</u>

As of **September 30, 2021**, the following are the persons or groups known to the Company to be directly or indirectly the record and/or beneficial owner of more than 5% of the Company's voting securities:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	**PCD Nominee Corporation** 37F Tower 1, The Enterprise Center, 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Stockholder	PCD Participants*	Filipino	2,284,190,395	71.96%

*PCD Nominee Corporation ("PCNC") is a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD") and is registered owner of the shares in the books of the Company's transfer agent. PCD participants deposit eligible securities in PCD through a process of lodgment, where legal title to the securities is transferred and held in trust by PCNC. The participants of PCD are the beneficial owners of such shares.

The table below shows persons or groups known to the Company as of **September 30, 2021** to be directly or indirectly the record or beneficial owner of more than 5% of the Company's voting securities under the PCD Nominee Corporation:

Title of Class	PCD Participant	Citizenship	No. Shares Held	Percent
Common	**BDO Securities Corporation** 27/F Tower I & Exchange Plaza Ayala Ave., Makati City	Filipino	2,235,139,760	70.41%

As of **September 30, 2021**, the number of shares held by foreign stockholders is 1,070,504 common shares, or 0.03% of the Company's total issued and outstanding shares.

(2) <u>Security Ownership of Management</u>

As of **September 30, 2021**, the following are the securities beneficially owned by all directors and officers of the Company:

<u>Title of Class</u>	<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Citizenship</u>	<u>%</u>
Common	Alfonso R. Reyno, Jr.	26,320,408 (Direct)	Filipino	0.83%
Common	Chai Seo Meng	1 (Direct)	Singaporean	Nil
Common	Jeffrey Rodrigo L. Evora	1 (Direct)	Filipino	Nil
Common	Alfonso Victorio G. Reyno III	100,000 (Direct)	Filipino	Nil
Common	Jose Alvaro D. Rubio	1 (Direct)	Filipino	Nil
Common	John Anthony B. Espiritu	1,000 (Direct)	Filipino	Nil

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	%
Common	Gabriel A. Dee	1 (Direct)	Filipino	Nil
Common	Walter L. Mactal	1 (Direct)	Filipino	Nil
Common	Dennis Ryan C. Uy	1 (Direct)	Filipino	Nil
Common	Victor P. Lazatin	10,000 (Direct)	Filipino	Nil
Common	Adan T. Delamide	1 (Direct)	Filipino	Nil
Common	Ferdinand A. Domingo	240,022 (Direct)	Filipino	0.01%
Common	Lemuel M. Santos	1 (Direct)	Filipino	Nil

Directors and executive officers as a group hold a total of **26,671,438** common shares, equivalent to approximately **0.84%** of the Company's issued and outstanding capital stock.

(3) Voting Trust Holders of 5% or More

The Corporation is not aware of any voting trust or similar agreement involving persons who hold more than 5% of the Corporation's securities.

(4) Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in the control of the Company since the beginning of the Company's last fiscal year.

Item 5. Directors and Executive Officers

(a) The Board of Directors

The following are the incumbent members of the Board:

Position	Names	Citizenship	Age	Year First Elected
Chairman of the Board	Alfonso R. Reyno, Jr.	Filipino	77	2009
Vice Chairman	Chai Seo Meng	Singaporean	58	2017
Director	Jeffrey Rodrigo L. Evora	Filipino	52	2018
Director	Alfonso Victorio G. Reyno III	Filipino	51	2009
Director	Jose Alvaro D. Rubio	Filipino	68	2014
Director	John Anthony B. Espiritu	Filipino	58	2012
Director	Gabriel A. Dee	Filipino	57	2013
Director	Walter L. Mactal	Filipino	38	2017
Director	Dennis Ryan C. Uy	Filipino	43	2014
Independent Director	Victor P. Lazatin	Filipino	74	2009
Independent Director	Adan T. Delamide	Filipino	45	2020

Set forth below are the business experience of the members of the Board during the past five (5) years.

ALFONSO R. REYNO, JR., holds a Bachelor of Arts degree in Political Science from the University of the Philippines and a Bachelor of Laws from the same university. He formerly occupied the following government positions: Deputy Minister of Defense (*1984-1986*), Member of the Batasang Pambansa (*1984-1986*), Vice Governor of Cagayan (*1980-1984*), Member of the Board of Trustees of the Cagayan State University (*1979-1986*). He presently occupies the following positions in various entities: *Chairman and President*, Arco Management & Development Corporation; *Chairman*, Arco Equities, Inc.; *Chairman*, Arco Ventures, Inc.*; Chairman and President,* Bonaventure Development Corporation (1983 to present); *Chairman*, Palos Verdes Realty Corporation; *Chairman*, PGR Development Holdings, Inc., *Managing Partner*, Reyno Tiu Domingo & Santos Law Offices (1976 to present); *Chairman*, Manila Jockey Club, Inc. (*1997 to presen*t).

CHAI SEO MENG, holds a degree of Bachelor of Business Administration from the graduated from the National University of Singapore in 1987. He formerly occupied the following position in various institutions: Senior Trader for Foreign Exchange at United Overseas Bank limited (1992 to 2004); Head Foreign Exchange at Nomura Singapore Limited (2004 to 2009). Presently, he practices Private Constitution and provides various wealth managements and financial advisories to various business sector.

JEFFREY RODRIGO L. EVORA is an accomplished hospitality professional with more than 20 years' experience in the United States and a pioneer in the integrated resort industry in the Philippines. After graduating from Philippine Science High School, Mr. Evora continued his tertiary education with an Associate in Science (AS) degree in Hotel Operations at the University of Hawaii Maui College, and earned his Bachelor of Science (BSc) degree in Business Administration from the University of Phoenix. He started his professional career in the hospitality industry at a restaurant in Wailuku, Hawaii, before working as a Night Auditor at Maui Kai Condominiums. He also worked as an Auditor of Hyatt Regency Maui, before moving to Las Vegas in 1993 where he started his career in the casino industry at the Flamingo Hilton Las Vegas. Mr. Evora held key positions in various casinos in the United States, such as Lady Luck Gaming Corporation, Boyd Gaming Corporation, Ameristar Gaming Corporation, Harrah's Entertainment Corporation, and ultimately for Seneca Niagara Casino & Hotel, before accepting a position in a private corporation in Manila as Vice President of Marketing in 2009. In 2017, Mr. Evora assumed the role of Chief Operating Officer of Winford Manila Resort & Casino and was subsequently appointed President of the Corporation in August 2018.

ALFONSO VICTORIO G. REYNO III, holds a degree of Bachelor of Arts and Commerce from De La Salle University and a Bachelor of Laws from the University of the Philippines. He was previously a Junior Associate at ACCRA Law Offices (*1997-1999*). He presently occupies the following positions in various entities: *President*, Arco Ventures, Inc. (1995 to present); *Vice President and Corporate Secretary*, Arco Management & Development Corporation; *Corporate Secretary*, Bonaventure Development Corporation; *President*, Arco Equities, Inc.*; President*, Palos Verdes Realty Corporation; *Director*, PGR Development Holdings, Inc.; *Junior Partner*, Reyno Tiu Domingo & Santos Law Offices (*1999 to present*); *President and COO*, Manila Jockey Club, Inc. (*1997 to 2019*); *President and CEO*, Manila Jockey Club, Inc. (*2019 to present*).

JOSE ALVARO D. RUBIO, holds a degree of Bachelor of Science in Business Administration Major in Accounting (Cum Laude) from the University of the East. A Certified Public Accountant, he formerly occupied the following positions at Philippine National Bank: Senior Vice President for six (6) years and had thirty-five (35) years of experience in banking, including international operations, remittance, budgeting, corporate planning, controllership, systems design/improvement, branch banking, audit and lending operations (including 14 years as Head of Corporate Banking). He was also a Director of the Bank Administration Institute of the Philippines, an association of local and foreign banks.

JOHN ANTHONY B. ESPIRITU, holds a degree of Bachelor of Business Administration from the University of Michigan, and a Masters degree in Business Administration from the same university. He presently occupies the following positions in various entities: Director, DATEM, Inc.; Chairman; Belares Food Corporation; Director, American Eye Correction Center.

GABRIEL A. DEE, holds a degree of Bachelor of Arts major in History (1984) from the University of the Philippines, and a Bachelor of Laws (1988) from the same university. He was admitted to the Philippine Bar in 1989 and is currently the Managing Partner of the Picazo Buyco Tan Fider & Santos Law Offices. He joined the firm in 1988 and was admitted to the partnership in 1994. He is also a professional lecturer at the University of the Philippines, College of Law.

WALTER L. MACTAL, holds a degree of A. B. Economics from the Ateneo De Manila University in 2004. He obtained his Juris Doctor from the Ateneo de Manila University - School of Law in 2008. He was admitted to the Philippine Bar in 2009 and he continued working in a private law firm in Makati City until March 2012. Presently, Mr. Mactal works as a general counsel in a private company in the Philippines. He has broad legal experience in litigation, labor relations, contract drafting and negotiation, intellectual property, and various corporate compliance services.

DENNIS RYAN C. UY, holds a degree of B.S. Industrial Engineering from the Mapua Institute of Technology, and a Master of Business administration degree from the Ateneo de Manila University. For the last fourteen (14) years of his career, he spent in the areas of systems improvement and automation, investment planning, asset management, and cost engineering across various multinational firms.

VICTOR P. LAZATIN, holds a degree of AB Economics from the University of the Philippines and a Bachelor of Laws degree from the same university in 1971 (Cum Laude). He obtained a Masters of Law from University of Michigan in 1974. He occupies the following positions in various institutions, viz: *Director*, ACCRA Investment Corporation (2007-present); *Corporate Secretary/Director*, WWW Express Corporation (2003-present); *Chairman*, Timog Silangan Development Corp. (1978-present); *Chairman*, Trillan Services, Inc. (2009-present); *President*, Davinelle Provident Lands, Inc. (1986-present); *Chairman*, Anvidan Realty Inc. (2015-present); *Director*, Kenram Industrial Development Inc. (2009-present); *Chairman/Director*, Kenram Palmoil Plantations, Inc. (2019-present); *Corporate Secretary*, SPC Power Corporation (2019-present). He is currently Of Counsel at Angara Abello Concepcion Regala & Cruz Law Offices.

ADAN T. DELAMIDE, holds a degree of Bachelor of Science in Accountancy from the Polytechnic University of the Philippines – Taguig (1997) and a Juris Doctor from the Ateneo De Manila University. He previously occupied the following positions, viz: *Associate Director*, Tax Services, Sycip Gorres Velayo & Co. (November 1997 – March 2006); *Director II and Head of Technical*, Congressional Oversight Committee on Comprehensive Tax Reform Program – Secretariat (April 2006 – March 2007); Salvador & Associates (October 2007 – February 2015). He is currently the Managing Partner at Delamide & Lock, Certified Public Accountants. He is affiliated with the following companies or organizations: *Director/Corporate Secretary*, Solutions Foundry Inc. (2016-present); *Director*, Elite Sales Force International Inc. (2017-present); *Director and Corporate Secretary*, Mindteck Solutions Philippines, Inc. (2016-present); *Corporate Secretary*, Feilo Sylvania Philippines, Inc. (2017-present) and *Director*, Occulus Digital Info Tech Corporation (2018-present).

Nomination of Directors for 2021-2022

The directors of the Company elected at the Annual Meeting shall hold office for one (1) year and until their respective successors have been elected and qualified.

The following are the nominees to the Board of Directors:

1. Alfonso R. Reyno, Jr.
2. Chai Seo Meng
3. Jeffrey Rodrigo L. Evora
4. Alfonso Victorio G. Reyno III
5. Jose Alvaro D. Rubio
6. John Anthony B. Espiritu
7. Gabriel A. Dee
8. Walter L. Mactal
9. Dennis Ryan C. Uy
10. Victor P. Lazatin (Independent Director)
11. Adan T. Delamide (Independent Director)

The Company has no reason to believe that any of the aforesaid nominees will be unwilling or unable to serve if elected as a director.

Paolo Roxas nominated Atty. Victor P. Lazatin while Dennis Espejo nominated Atty. Adan T. Delamide as Independent Directors of the Company. Messrs. Roxas and Espejo and are not related to either Attys. Lazatin and Delamide by consanguinity or affinity, and has no professional or business dealings with any of them. Messrs. Roxas and Espejo are neither officers nor substantial shareholders of the Company.

The nominees for independent directors possess the qualifications and none of the disqualifications of independent directors under relevant rules of the Securities Regulation Code (the "**SRC**") and its implementing rules and regulations (the "**SRC Rules**"). The Certifications of the nominees for independent director are attached as **Annex "G"**.

The respective business experiences of Attys. Victor P. Lazatin and Adan T. Delamide are set forth above.

The matter of the nomination and election of Independent Directors form part of a set of guidelines for the Nomination Committee. These guidelines define qualifications, disqualifications and procedures for the screening and short listing of candidates nominated to the Board.

The members of the Nomination Committee are as follows:

Gabriel A. Dee	Chairman
Walter L. Mactal	Member
Alfonso Victorio G. Reyno III	Member
Victor P. Lazatin (Independent Director)	Member

For this Annual Meeting, the Nomination Committee shall screen and evaluate the candidates for Independent Directors, using the committee's guidelines, pertinent provisions of the Company's Revised Manual on Corporate Governance, its By-Laws and relevant issuances under the SRC and the SRC Rules. The Company's By-laws incorporates the procedures for the nomination and election of independent directors in accordance with SRC Rule 38, as amended.

Appraisals and performance report for the Board and the criteria and procedure for assessment

As disclosed in the Company's Integrated Annual Corporate Governance Report (I-ACGR) for year 2020, the Company's Manual of Corporate Governance provides for the creation of an internal self-rating system. The Company undertakes to create and implement such self-rating system.

Director Attendance Report

Below is the attendance record of the directors for the year 2020 – 2021.

Director	Percentage of Meetings* Attended
Alfonso R. Reyno, Jr.	100%
Chai Seo Meng	67%
Jeffrey Rodrigo L. Evora	100%
Alfonso Victorio G. Reyno III	100%
Jose Alvaro D. Rubio	100%
John Anthony B. Espiritu	100%
Gabriel A. Dee	100%
Walter L. Mactal	100%
Dennis Ryan C. Uy	100%
Victor P. Lazatin	100%
Adan T. Delamide	100%

*Regular and Special Meetings of the Board of Directors held from the previous Annual Stockholders' Meeting until the date of submission of this Information Statement.

(b) The Executive Officers

The following are the Executive Officers of the Company:

Position	Name	Citizenship	Age
Chairman & Chief Executive Officer	Alfonso R. Reyno, Jr.	Filipino	77
Vice Chairman	Chai Seo Meng	Singaporean	58
President & Chief Operating Officer	Jeffrey Rodrigo L. Evora	Filipino	52
Vice President	Alfonso Victorio G. Reyno III	Filipino	51
Treasurer & Chief Finance Officer	Jose Alvaro D. Rubio	Filipino	68
Corporate Secretary & General Counsel	Ferdinand A. Domingo	Filipino	69
Asst. Corporate Secretary	Gabriel A. Dee	Filipino	57
Corporate Information and Compliance Officer	Lemuel M. Santos	Filipino	70

The business experience of Mssrs. Alfonso R. Reyno, Jr., Chai Seo Meng, Jeffrey Rodrigo L. Evora, Alfonso Victorio G. Reyno III, Jose Alvaro D. Rubio and Gabriel A. Dee during the last five (5) years is provided above. Set forth below are the business experience of the Company's other executive officers during the last five (5) years:

FERDINAND A. DOMINGO, holds a degree of Bachelor of Arts in Political Science from the University of the Philippines, and a Bachelor of Laws from the same university. He previously occupied the following positions in various companies: *Director*, CICI General Insurance Corporation; *Director*, United Overseas Bank (*May 2001 to July 2002*); *Corporate Secretary*, Westmont Bank (*May 17, 2000 to January 16, 2004*); *Director*, PNB Holdings Ltd. and PNB Hongkong Branch (*1998 to February 2000*); *Bank Attorney*, Philippine National Bank (*1978-1984*); *Corporate Secretary*, Philippine Racing Club, Inc. (*1994-1997*); *Legal Counsel and Corporate Secretary*, National Steel Corporation (*May 3, 1995 to*

March 1997). He currently occupies the following positions: *Senior Partner*, Reyno Tiu Domingo & Santos Law Offices; *Corporate Secretary and General Counsel*; Manila Jockey Club, Inc.

LEMUEL M. SANTOS, holds a degree of Bachelor of Arts and Political Science from the University of the Philippines and a Bachelor of Laws degree from the same university. He presently occupies the following positions in various entities: *Partner*, Reyno, Tiu, Domingo & Santos Law Offices (1991 up to present); *Assistant Corporate Secretary*, Manila Jockey Club, Inc.

(c) Significant Employees

The following are the employees of the Company who are expected to make significant contributions to the business of the Company.

Position	Name	Citizenship	Age
Director for Gaming Compliance and Operations	Darwin L. Cusi	Filipino	47
Director for Facilities Management	Allan S. Abesamis	Filipino	50
Director for Finance and Administration	Joemar L. Onnagan	Filipino	37
Director for Safety and Security	Aniceto Vicente	Filipino	60
Director for Corporate Communications	Jose Maria C. Ledesma III	Filipino	48

Set forth below are the business experience of said employees during the past five (5) years.

DARWIN L. CUSI is a Marine Engineering graduate of the Technological Institute of the Philippines (1994) and has more than 25 years of solid experience and expertise in gaming operations specifically in Cruise line operations and Hotel/Casino operations. Darwin is a former AVP for Casino Operations at Famous City Holdings Ltd. - ROHQ. He has been employed with the Company since 09 November 2015.

ALLAN S. ABESAMIS is an Electrical Engineering graduate of the Mapua Institute of Technology (1993) and has more than 23 years of plant operations/facilities management experience in the areas of engineering and production management in manufacturing plants. Prior to joining the Company, Allan was a former Manufacturing Manager at Supa Nova Foods Incorporated. He has been employed with the Company since 16 November 2015.

JOEMAR L. ONNAGAN is a Certified Public Accountant and a graduate of Mariano Marcos State University (2005) with more than 12 years of experience in General Accounting specifically in areas of Accounts Payable, Hotel Revenue Audit and Financial Reporting in a multinational and Shared Services environment as a Senior Finance Manager. He has been employed with the Company since 16 November 2016.

COL. ANICETO VICENTE served for 34 years in the Armed Forces of the Philippines. Aside from security matters, he was assigned in various fields including personnel management, intelligence, operations, logistics, and training. His last assignment was as Group Commander with the main task of developing and utilizing the Reserve Force in the five provinces of Region 1 and Cordillera Autonomous region.

JOSE MARIA C. LEDESMA III graduated from the University of West London with a Bachelor of Arts degree in Design and Media Management. He has more than 20 years' experience in the fields of advertising, marketing, and public relations. Prior to working at the Company, he was Assistant Director for Public Relations in an integrated resort. He has been employed with the Company since 03 December 2018.

(d) Family Relationships

Alfonso Victorio G. Reyno III is the son of Alfonso R. Reyno, Jr.

Aside from the abovementioned, no other members of the Board of Directors nor any Executive Officer of the Company is related by affinity or consanguinity.

(e) Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, the present members of the Board of Directors or the Executive Officers are not, presently, or during the last five (5) years, involved or have been involved in criminal, bankruptcy or insolvency investigations or proceedings.

(f) Description of Any Pending Material Legal Proceedings

There is no pending material legal proceeding during the last five (5) years to which the Company or any of its subsidiaries or affiliates is a party.

(g) Certain Relationships and Related Transactions

For the discussion on related party transactions, please see Note 21 (Related Party Transactions) of the Notes to the Consolidated Financial Statements incorporated herein by reference. There are no related party transactions or self-dealing between the Company or any director.

None of the directors or Executive Officers is connected with any government agencies or its instrumentalities. The Corporate Secretary's Certification is attached as **Annex "H"**.

(h) Disagreement with a Director

No director has resigned or declined to stand for re-election to the Board since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

Information as to the aggregate compensation paid or accrued during the last two fiscal years and estimated to be paid in the ensuing year to the Company's Chief Executive Officer (CEO) and four (4) most highly compensated executive officers is presented below. Also included in the tabular presentation is the compensation paid to or accrued for other officers and directors. The stated annual salary includes the mandatory thirteenth (13th) month pay.

Summary Compensation Table (in thousand PHP)

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
The CEO and four most highly compensated	2021*	8,466	-	-
Executive Officers:	2020	8,466	-	-
. CEO- Alfonso R. Reyno, Jr.				
.Vice President - Alfonso Victorio G. Reyno III	2019	10,865	-	-
. Corporate Secretary- Ferdinand A. Domingo				
. Corporate Information and Compliance Officer - Lemuel M. Santos				

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
All other Executive Officers and Directors as a group unnamed	2021*	18,059	-	-
	2020	18,059	-	-
	2019	24,233	-	-

*Estimated compensation for the ensuring year is assumed to approximate the 2020 level.

All directors are entitled to per diem of ₱10,000.00 to ₱15,000.00 for their attendance at each meeting of the Board. Likewise, they are entitled to reimbursements of transportation, communication and representation expenses in the amount of ₱15,000.00 for their attendance at every Board Meeting. The director's fees amounted to ₱867,000.00, ₱675,000.00 and ₱680,000.00 in 2020, 2019 and 2018 respectively.

The Company has no standard arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as herein disclosed and stated.

There are no contracts with the named executive officers for any compensation plan or arrangement that will result from the resignation, retirement or any other termination of employment of said executive officers. There are no outstanding warrants or options being held by the named executive officers or directors and neither are there any changes in control arrangements made with the named executive officers and the directors.

Below is the *per diem* received by each Director for the year 2020 – 2021:

Director	Total Per Diem for year 2020 – 2021
Alfonso R. Reyno, Jr.	54,000.00
Chai Seo Meng	26,000.00
Jeffrey Rodrigo L. Evora	39,000.00
Alfonso Victorio G. Reyno III	39,000.00
Jose Alvaro D. Rubio	39,000.00
John Anthony B. Espiritu	52,000.00
Gabriel A. Dee	39,000.00
Walter L. Mactal	52,000.00
Dennis Ryan C. Uy	39,000.00
Victor P. Lazatin	52,000.00
Adan T. Delamide	57,000.00

Item 7. Independent Public Accountants

Sycip Gorres Velayo & Co. (SGV) has been the Company's independent public accountant/external auditor for the last five (5) years. For year 2020, Mr. Jaime F. Del Rosario was the partner-in-charge of SGV for the examination of the Company's financial statements. Representatives of said firm are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Company complies with SRC Rule 68, Part I, Item 3(B)(iv)(ix) on (i) the rotation after every five (5) years of engagement of the independent auditor or in case of an audit firm, the signing partner, and (ii) the two-year cooling-off period on the re-engagement of the same signing partner or individual auditor. For year 2017, 2018 and 2019, Ms. Adeline D. Lumbres was the partner-in-charge of SGV for the examination of the Company's financial statements.

The Company is still in the process of vetting the Company's external auditor for appointment for the fiscal year ending 31 December 2021. Pending said vetting, the Board proposed that the power to appoint the external auditor for the fiscal year ending 31 December 2021 be delegated by the Stockholders to the Board of Directors. The Board shall ensure that the external auditor to be appointed shall be independent from the Board's control.

<u>External Audit Fees</u>

The aggregate fees billed for each of the last two (2) fiscal years for professional services rendered by SGV was ₱1,232,000.00 for year 2020 and ₱1,232,000.00 for year 2019. These fees cover services rendered by SGV for audit of the financial statements of the Company and other services in connection with statutory and regulatory filings for the years 2020 and 2019. The Company did not engage SGV for tax and other services in 2020 and 2019.

There are no other assurance and related services extended by the external auditors that are reasonably related to performance of audit or review of the Company's financial statements.

The Company has not had any disagreements on accounting and financial disclosures with SGV during the last five (5) years or any subsequent interim periods.

The audit findings are presented to the Company's Audit Committee which reviews and makes recommendations to the Board on actions to be taken thereon. The Board passes upon and approves the Audit Committee's recommendations.

The members of the Audit Committee of the Company are as follows:

Adan T. Delamide (Independent Director)	Chairman
Victor P. Lazatin (Independent Director)	Member
John Anthony B. Espiritu	Member
Walter L. Mactal	Member

Item 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities other than for Exchange

Not applicable.

Item 10. Modification or Exchange of Securities

Not applicable.

Item 11. Financial and Other Information

The Company's consolidated audited financial statements for the period ended December 31, 2020 and interim unaudited financial statements for the periods ended March 31, 2021 and June 30, 2020 are attached to this Information Statement as **Annexes "A", "B"** and **"C".** Management's Discussion and Analysis of Financial Condition and Results of Operations are incorporated in the **Management Report**.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken with respect to any mergers, consolidations, acquisitions or similar matters.

Item 13. Acquisition or Disposition of Property

No action is to be taken with respect to any acquisition or disposition of property.

Item 14. Restatement of Accounts

No action is to be taken with respect to the restatement of any of the Company's assets, capital or surplus account.

D. <u>OTHER MATTERS</u>

Item 15. Action with Respect to Reports and Other Proposed Action

There is no action to be taken with respect to any report of the Company or of its directors, officers or committees, except the approval of (i) the minutes of the previous annual stockholders' meeting, a copy of which is attached to this Information Statement as **Annex "D"**, and (ii) the Annual Report and Audited Financial Statements of the Company for the period ended December 31, 2020, all of which will be submitted for approval of the stockholders.

Other proposed actions include ratification of all acts, investments, proceedings and resolutions of the Board, the Board Committees and the acts of the officers and management since the date of the last annual meeting. The matters for stockholders' ratification are acts of the Board, the Board Committees, officers and management from the previous stockholders' meeting up to the date of the Annual Meeting which were entered into or made in the ordinary course of business and the following transactions covered by appropriate disclosures with the PSE and SEC:

Date of Report	Subject
December 4, 2020	Results of the 2020 Annual Stockholders' Meeting and Organizational Meeting of the Board of Directors
March 25, 2021	Meeting of the Board of Directors on the approval of the following matters: 1. Setting the 2021 Annual Stockholders' Meeting ("2021 ASM") on June 29, 2021 at 9:00 a.m.;

Date of Report	Subject
	2. Fixing April 30, 2021 as the Record Date for determining the shareholders entitled to notice of and to vote at the 2021 ASM; 3. Conduct of the 2021 ASM via remote communication, the participation by the stockholders via remote communication, and voting by the stockholders in absentia or by proxy; 4. Delegation to Management of the approval of the procedures for the 2021 ASM via remote communication; and 5. Setting the Agenda of the 2021 ASM
June 21, 2021	Meeting of the Board of Directors on the postponement of the Company's Annual Stockholders' Meeting (ASM) scheduled on the 2nd to the last business day of June of each year pursuant to the Company's By-Laws, to a later date to be determined by the Board.
August 4, 2021	Meeting of the Board of Directors on the approval of the Company's Audited Financial Statements for the year ended 31 December 2020
September 6, 2021	Meeting of the Board of Directors on the approval of the following matters: 1. Setting the 2021 Annual Stockholders' Meeting ("2021 ASM") on November 12, 2021 (Friday) at 9:00 a.m.; 2. Fixing September 30, 2021 (Thursday) as the Record Date for determining the shareholders entitled to notice of and to vote at the 2021 ASM; 3. (i) Conduct of the 2021 ASM via remote communication; (ii) the participation by the stockholders in the 2021 ASM via remote communication; and (iii) voting in the 2021 ASM by the stockholders *in absentia* or by ballot/proxy; 4. Delegation to Management of the approval of the internal procedures for the 2021 ASM via remote communication and voting *in absentia* or by ballot/proxy; and 5. Delegation to the Corporate Secretary of the authority to finalize the Agenda and other matters relevant to the 2021 ASM.

The approval of the minutes, Annual Report and audited financial statements for the period ended December 31, 2020, and ratification of all acts, proceedings and resolutions of the Board, the Board Committees, officers and management since the date of the last annual meeting require the affirmative vote of a majority of the votes cast at the Annual Meeting by the stockholders entitled to vote.

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, By-Laws or Other Documents

There is no action to be taken with respect to any amendment of the Company's Articles of Incorporation, By-Laws or other documents.

Item 18. Other Proposed Action

The following actions are also proposed to be taken up during the Annual Meeting:

1. Election of directors for 2021-2022; and
2. Approval to delegate the appointment of external auditor for the fiscal year ending 31 December 2021 to the Board of Directors.

Item 19. Voting Procedures

(a) Vote Required

<u>Matters for Stockholders' Approval</u>

At each stockholders' meeting of the Company, a quorum shall consist of a majority of the outstanding capital stock of the Company, except where otherwise provided by law. The majority of such quorum shall decide any matter submitted to the stockholders, except in those cases where the law requires a greater number. A majority of the quorum at the Annual Meeting shall decide the matters taken up at the meeting.

<u>Election of Directors</u>

Pursuant to Section 23 of the RCC, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, as of the record date, in his own name in the stock and transfer book of the Company.

A stockholder may (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares owned, or (c) distribute them on the same principle among as many candidates as may be seen fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected.

(b) Method of counting votes

Stockholders may vote at all meetings either in person or by proxy. All proxies must be in the hands of the Corporate Secretary before the time set for the meeting.

Unless required by law or demanded by a stockholder present or represented at the meeting and entitled to vote thereat, voting need not be by ballot and may be done by show of hands.

The Corporate Secretary will primarily be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

(c) Participation via Remote Communication and Voting in Absentia or by Proxy

On **September 06, 2021**, the Board of Directors approved the (i) conduct of the 2021 ASM via remote communication, (ii) the participation by the stockholders via remote communication, and (iii) voting by the stockholders *in absentia* or by proxy. Attached as **Annex "E"** is the Secretary's Certificate on the Board Resolution authorizing the conduct of the 2021 ASM via remote communication.

The procedures for participating via remote communication, and for voting *in absentia* or by proxy is attached to this Information Statement as **Annex "F".**

The agenda for the Annual Meeting is as follows:

(1) Call to Order
(2) Certification of Notice and of Quorum
(3) Approval of the minutes of the Annual Stockholders' Meeting held on December 4, 2020
(4) Report of the President
(5) Approval of the Annual Report and the Audited Financial Statements of the Company for the period ended December 31, 2020
(6) Approval and ratification of all acts, investments, proceedings and resolutions of the Board, Board Committees and Management since the last annual stockholders' meeting held on December 4, 2020
(7) Election of the members of the Board of Directors
(8) Approval to delegate the appointment of external auditor for the fiscal year ending 31 December 2021 to the Board of Directors
(9) Other Matters
(10) Adjournment

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig, Metro Manila, on OCT 0 7 2021.

MJC INVESTMENTS CORPORATION

By:

Ferdinand A. Domingo

ATTY. FERDINAND A. DOMINGO
Corporate Secretary

MJC INVESTMENTS CORPORATION

MANAGEMENT REPORT

I. Consolidated Audited Financial Statements and Interim Financial Statements

MJC Investments Corporation's ("**MIC**" or the "**Company**") consolidated audited financial statements for the year ended December 31, 2020 and interim unaudited financial statements for the period ended March 31, 2021 and June 30, 2021 attached to the Information Statement are incorporated herein by reference.

II. Changes in and Disagreements with Accountants on Accounting and Financing Disclosures

There was no event in the past five (5) years where Sycip Gorres Velayo & Co. (SGV) and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

III. Management's Discussion and Analysis of Financial Condition and Results of Operations of the Consolidated Audited Financial Statements as of December 31, 2020

(1) Financial Condition and Results of Operations

The following discussion and analysis relate to the consolidated financial position and results of operations of MJC Investments Corporation [Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino] and Subsidiary and should be read in conjunction with the accompanying audited consolidated financial statements and related notes as of December 31, 2020, 2019 and 2018 and for each of the three years in the period ended December 31, 2020.

The following table shows a summary of results of the operations for the years ended December 31, 2020, 2019 and 2018:

	For the Year Ended December 31				
	2020	2019	2018	% Change	% Change
	Amount in Millions of Philippine peso except EPS			2020 vs. 2019	2019 vs. 2018
Revenue					
Revenue share in gaming operations	₱153.0	₱494.5	₱365.9	(69.1%)	35.1%
Hotel	24.1	67.4	90.1	(64.2%)	(25.2%)
Food and beverage	19.0	86.0	78.6	(77.9%)	9.4%
Rental	12.1	25.1	27.4	(51.8%)	(8.4%)
Bingo operations	8.9	51.5	45.8	(82.7%)	12.4%
Other revenue	4.3	18.6	15.2	(76.9%)	22.4%
	221.4	743.1	623.0	(70.2%)	19.3%
Operating costs and expenses	(664.4)	(1,199.5)	(1,179.6)	(44.6%)	1.7%
Operating loss	(443.0)	(456.4)	(556.6)	(3.0%)	(18.0%)
Other income (expenses)					
Interest expense	(148.5)	(201.2)	(189.5)	(26.2%)	6.2%
Interest income	2.1	0.3	0.5	600.0%	(40.0%)
Gain on sale of kitchen and bar equipment	–	13.4	–	(100.0%)	100.0%
Miscellaneous income (expenses) - net	0.4	1.9	(0.4)	(78.9%)	(575.0%)

	(146.0)	(185.6)	(189.4)	(21.3%)	(2.0%)
Loss before income tax	(589.0)	(642.0)	(746.0)	(8.3%)	(13.9%)
Provision for income tax	(0.03)	(0.1)	(0.1)	(70.0%)	0.0%
Net loss	(589.0)	(642.1)	(746.1)	(8.3%)	(13.9%)
Other comprehensive income (loss)	7.7	(2.0)	1.6	(485%)	(225.0%)
Total comprehensive loss	(581.3)	(₱644.1)	(744.4)	(9.8%)	(13.5%)
Basic/diluted loss per share	₱0.186	₱0.202	₱0.235	(7.9%)	(14.0%)

Discussion on Results of Operations

Comparison of Operating Results for the Years Ended December 31, 2020 and 2019

Revenue and Operating Costs and Expenses

Revenue includes 40% share in gaming operations, revenue from operations of hotel, food and beverages, bingo operations, rental and other revenue. Total revenue for years ended December 31, 2020 and 2019 amounted to ₱221.4 million and ₱743.1 million, respectively.

The significant accounts that contributed to the decrease are as follows:

- Revenue share in gaming operations decreased by ₱341.5 million or 69% from ₱494.5 million in 2019 to ₱153.0 million in 2020. The decrease is the result of temporary suspension of gaming operations for the months of April, May, and August due to quarantine restrictions. Furthermore, operating gaming tables and electronic gaming machines (slot machines) were reduced to comply with social distancing policy. In addition, foot traffic in the property decreased from ₱2.0 million in 2019 to ₱0.4 million in 2020.

- Revenue from food and beverage decreased by ₱67.0 million or 78% from ₱86.0 million in 2019 to ₱19.0 million in 2020. The decrease is attributable reduced operations of the Group due to imposed community quarantine that resulted to cancelled events held in the hotel and reduced gaming headcount in casino leading to decline in sales of beverages availed by casino players. During the year, it was able to generate ₱0.2 million from Winford on Wheels which is its new revenue stream that was launched in July that cooks up and delivers around Metro Manila.

- Revenue from hotel rooms decreased by ₱43.3 million or 64% from ₱67.4 million in 2019 to ₱24.1 million in 2020. The decrease is attributable to the mandatory closure of hotels during the community quarantine. The hotel is not yet permitted for leisure bookings and is currently operating as a quarantine facility thus, its only source of revenue are the bookings from the returning overseas Filipinos, and the accommodation of off-signers crew of shipping companies. Accordingly, the room occupancy rate declined from 81% in 2019 to 34% in 2020. Of the 128 rooms available on average each day, average occupied paying rooms per day is 25 rooms in 2020, which is lower than the 42 rooms in 2019.

- Revenue from bingo operations decreased by ₱42.6 million or 83% from ₱51.5 million in 2019 to ₱8.9 million in 2020. The bingo operations have only operated until March 13, 2020 and did not resume to operate up to date.

- Revenue from rental decreased by ₱13.0 million or 52% from ₱25.1 million in 2019 to ₱12.1 million in 2020. The decrease is due to waiver of rent to its concessionaires in the midst of the pandemic. In addition, three contracts were terminated in 2020 while one contract were terminated in 2019.

- Other revenue decreased by ₱14.3 million or 77% from ₱18.6 million in 2019 to ₱4.3 million in 2020. This is mainly attributable to decrease in consumption of utilities by the Group's concessionaires since only two have resumed and continued to operate in June. Additionally, there were no junket wins generated during the year.

Total operating costs and expenses for the years ended December 31, 2020 and 2019 amounted to ₱664.4 million and ₱1,199.5 million, respectively. The significant decrease in the total operating costs and expenses is due to lower salaries and wages, contracted services, food, tobacco and beverage, service fee, banquet expenses, entertainment and bad debts which is partially offset by the increase in taxes and licenses.

The significant accounts that contributed to the decrease are as follows:

- Depreciation and amortization decreased by ₱150.7 million or 35% from ₱431.1 million in 2019 to ₱280.4 million in 2020. This is due to several equipment becoming fully depreciated during the year and fully amortization of prepayments.

- Salaries and wages expense decreased by ₱21.1 million or 25% from ₱85.8 million in 2019 to ₱64.7 million in 2020. This is attributable to temporary suspension of Group's operations from March until May and reduce working days thereafter.

- Utilities decreased by ₱36.4 million or 39% from ₱94.0 million in 2019 to ₱57.5 million in 2020. The decrease is mostly attributable to lower gaming capacity during pandemic, lower hotel occupancy, decreased consumption of utilities from concessionaires since only two have reopened and continued to operate when the hotel and casino resumed its operations in June.

- Taxes and licenses increased by ₱7.2 million or 16% from ₱44.1 million in 2019 to ₱51.4 million in 2020. This is mainly attributable to the increase in annual real property tax to ₱47.6 million and business permit to ₱0.8 million as compared to prior year's real property tax and business permit totaling to ₱42.0 million.

- Repairs and maintenance expense decreased by ₱4.3 million or 10% from ₱44.7 million in 2019 to ₱40.4 million in 2020. The decrease is due to reduced contracted repairs by the Group during the community quarantine and reduced usage of air-conditioned facilities since it did not operate from March to May. However, the decrease is minimized by various partitions and alignment repairs made in the hotel during the year.

- Contracted services significantly decreased by ₱57.7 million or 65% from ₱89.4 million in 2019 to ₱31.7 million in 2020. This is mainly due to the decreased in contracted manpower services in the hotel and casino during non-operations in March to May and with limited capacity of operations from July onwards.

- Security services expense decreased by ₱22.0 million or 52% from ₱42.0 million in 2019 to ₱20.0 million in 2020. Hotel and casino operations resumed in June but with limited capacity which resulted to decrease in required number of security services.

- Advertising and marketing decreased by ₱14.2 million or 44% from ₱32.6 million in 2019 to ₱18.4 million in 2020. Marketing efforts to advertise the hotel were reduced since the Department of Tourism (DOT) prohibited the leisure operations of hotel. Advertisements for gaming operations of the casino have also not been allowed by PAGCOR.

- Food, beverage and tobacco decreased by ₱30.9 million or 70% from ₱44.4 million in 2019 to ₱13.5 million in 2020. This is attributable to the decrease in number of guests and players for its hotel and casino since concerts, banquets and other hotel events have been cancelled from March to December. The consumption of tobacco also decreased due to smoking prohibition inside the venue of casino.

- Hotel room and supplies decreased by ₱10.2 million or 46% from ₱22.1 million in 2019 to ₱11.9 million in 2020. The hotel ceased to accept leisure bookings as imposed by the DOT, due to that, the hotel currently serves as a quarantine facility for returning OFWs under the provision of OWWA. These quarantine restrictions brought significant decrease in hotel guests, resulting in proportionate declined of laundry and cleaning expenses.

- Provision for expected credit losses (ECL) expenses decreased by ₱47.3 million or 86% from ₱ 55.2 million in 2019 to ₱7.9million in 2020. The provision for bad debts is to recognize an allowance on the receivables from existing concessionaires.

- Professional fees decreased by ₱4.6 million or 37% from ₱12.4 million in 2019 to ₱7.8 million in 2020. This is mainly due to the decrease in retainer's fees, consultancy fees and accounting fees rendered to the Group during the time of COVID 19 pandemic since operations were limited when the hotel and casino resumed in June.

- Service fees decreased by ₱28.6 million or 82% from ₱34.8 million in 2019 to ₱6.3 million in 2020. During the year, since operations of the hotel were limited to serving OFWs, the Group negotiated and have obtained a waiver for its management fees from March until December amounting to ₱31.3 million.

- Gaming fees decreased by ₱48.3 million or 89% from ₱54.0 million in 2019 to ₱5.7 million in 2020. The decrease is mainly due to the temporary suspension of the bingo operations from March to December. Furthermore, suspension of casino operations due to quarantine restrictions has significantly decreased the gaming fees. In addition, due to junket agreement expiration in 2019, there were no gaming fees from TSLC.

- Banquet expenses decreased by ₱16.9 million or 80% from ₱21.2 million in 2019 to ₱4.3 million in 2020. Due to the government gathering limitations, banquet events from March to December have been cancelled. Banquet events have not resumed up to date.

- Entertainment expenses decreased by ₱11.3 million or 81% from ₱14.0 million in 2019 to ₱2.7 million in 2020. Performances for hotel guests and casino players were cancelled due to restrictions in large gatherings as imposed by the national government from April until December.

- Other expenses decreased by ₱31.9 million or 76% from ₱42.2 million in 2019 to ₱10.3 million in 2020. The decrease is due to the decrease in operating and administrative related activities of the Group which resulted to decline in incurrence of miscellaneous expenses. The Group also did not incur various sponsorships and assistance during the year.

Comparison of Operating Results for the Years Ended December 31, 2019 and 2018

Revenue and Operating Costs and Expenses

Revenue includes 40% share in gaming operations, revenue from operations of hotel, food and beverages, bingo operations, rental and other revenue. Total revenue for years ended December 31, 2019 and 2018 amounted to ₱743.1 million and ₱623.0 million, respectively.
The significant accounts that contributed to the increase are as follows:

- Revenue share in gaming operations increased by ₱128.6 million or 35% from ₱365.9 million in 2018 to ₱494.5 million in 2019. The increase is the result of additional gaming tables and electronic gaming machine (slot machines). Gaming tables increased from 28 in 2018 to 32 in 2019 and slot machines increased from 416 in 2018 to in 521 in 2019. In addition, foot traffic in the property increased from 1.6 million in 2018 to 2.0 million in 2019.

- Revenue from food and beverage increased by ₱7.4 million or 9% from ₱78.6 million in 2018 to₱86.0 million in 2019. The increase is attributable to the increase in foot traffic due to the increase in hotel guests and casino players in 2019.

- Revenue from hotel rooms decreased by ₱22.7 million or 25% from ₱90.1 million in 2018 to ₱67.4 million in 2019. The decrease is attributable to the decrease in occupancy rate during the year from 72% in 2018 to 32% in 2019. Of the 123 rooms available each day, average occupied paying rooms per day is 42 rooms in 2019, which is lower than 91 rooms in 2018. This is related to the marketing strategy implemented by the Group to allot more complimentary rooms for casino players.

- Revenue from bingo operations increased by ₱5.7 million or 12% from ₱45.8 million in 2018 to ₱51.5 million in 2019. The increase is attributable to the introduction of Personal Handheld Device (PHD) with 24 total handsets that allows players to purchase additional bingo cards carried in the handsets aside from manual cards. Furthermore, holding monthly and quarterly events which offers attractive prizes and rewards increased its playerbase for the current year.

- Revenue from rental decreased by ₱2.3 million or 8% from ₱27.4 million in 2018 to ₱25.1 million in 2019. The decrease is due to lessees amending their contracts during the year which lowered its monthly basic/fixed rental fee.

Total operating costs and expenses for the years ended December 31, 2019 and 2018 amounted to ₱1,199.5 million and ₱1,179.6 million, respectively. The significant increase in the total operating costs and expenses is due to higher contracted services, salaries and wages, repairs and maintenance, cost of food, beverage and tobacco, taxes and licenses, security services, service fee, cost of hotel rooms and supplies, and other expenses which is partially offset by the decrease in depreciation and amortization and gaming fees.

The significant accounts that contributed to the increase are as follows:

- Depreciation and amortization decreased by ₱83.9 million or 16% from ₱515.0 million in 2018 to ₱431.1 million in 2019. This is due to several equipment becoming fully depreciated during the year.

- Contracted services increased by ₱15.8 million or 21% from ₱73.6 million in 2018 to ₱89.4 million in 2019. The increase is due to increase in number of required manpower for its hotel and food and beverage operations.

- Salaries and wages expense increased by ₱21.9 million or 34% from ₱63.9 million in 2018 to ₱85.8 million in 2019. This is attributable to additional 27 employees hired during the year to support the steadily increase of its operations. In addition, in 2019, the operation of its subsidiary, Trafalgar Square Leisure Corporation (TSLC), resumed but subsequently stopped in July 2019 upon expiration of its license. The Group incurred additional costs for the salary of TSLC employees.

- Gaming fees decreased by ₱11.8 million or 18% from ₱65.8 million in 2018 to ₱54.0 million in 2019. This is attributable to lesser fees paid to PAGCOR as compared to prior year due to expiration of TSLC's license in July 2019.

- Repairs and maintenance expense increased by ₱4.3 million or 11% from ₱40.4 million in 2018 to ₱44.7 million in 2019. This is attributed to the increase in cost for the maintenance of aircon/ventilation as the Group engaged itself to additional service providers for the maintenance of motor controller and pump equipment and inspection of air quality systems.

- Food, beverage and tobacco increased by ₱13.4 million or 43% from ₱31.0 million in 2018 to ₱44.4 million in 2019. This is due to the increase in number of guests in hotel, casino, concert, banquet and bingo events throughout the year. The cost for food and beverage increased by ₱10.9 million and ₱2.4 million, respectively. This movement is also directly attributable to the increase in revenue from food and beverage for the year.

- Taxes and licenses significantly by ₱9.0 million or 26% from ₱35.2 million in 2018 to ₱44.1 million in 2019. This is due to higher real property tax amounting to ₱36.0 million which is ₱7 million higher than last year.

- Security services expense increased by ₱5.5 million or 15% from ₱36.5 million in 2018 to ₱42.0 million in 2019. The Group changed its security service provider with higher personnel cost. In addition, the Group increased its security personnel due to increasing number of foot traffic in gaming and hotel operations.

- Service fee increased by ₱3.2 million or 10% from ₱31.6 million in 2018 to ₱34.8 million in 2019.This is mainly due to the increase in management fee charged by a service provider, engaged in providing consultancy, advisory, and technical services in relation to the operation, management and development of the casino amounting to ₱2.2 million. In addition, there is an increase in management fee from a service provider for the strategy and planning development conceptualization, production of advertising materials and marketing of the Group's banquet and hotel rooms amounting to ₱1.2 million.

- Hotel room and supplies increased by ₱6.9 million or 45% from ₱15.3 million in 2018 to ₱22.2 million in 2019. The increase is attributed to additional expenses incurred for laundry cost and hotel room supplies due to higher number of guests.

- Entertainment expense increased by ₱2.3 million or 20% from ₱11.7 million in 2018 to ₱14.0 million in 2019. This is attributable to higher number of locally well-known performers whose rates per performance are higher among others.

- Other expenses increased by ₱35.2 million in 2019. This is due to losses from refinancing options, fines and penalties and other insignificant purchases.

Comparison of Operating Results for the Years Ended December 31, 2018 and 2017

Revenue and Operating Costs and Expenses

Revenue includes revenue share in gaming operations, revenue from operation of hotel, food and beverages, bingo, rental and other revenue. Total revenue for years ended December 31, 2018 and 2017 amounted to ₱623.0 million and ₱469.4 million, respectively.

The significant accounts that contributed to the increase are as follows:

- Revenue share in gaming operations increased by 82.7 million or 29% from ₱283.2 million in 2017 to ₱365.9 million in 2018. The increase is a result of the opening of the third floor area of the casino in 2018, which enabled the increase in gaming tables from 24 in 2017 to 28 in 2018 and the increase in electronic gaming machine (slot machines) from 326 units in 2017 to 416 units in 2018. In addition, foot traffic in the property increased from 1.0 million in 2017 to 1.6 million in 2018.

- Revenue from hotel rooms increased by ₱13.3 million or 17% from ₱76.8 million in 2017 to ₱90.1 million in 2018. The increase is attributable to the increase in occupancy rate during the year from 62% in 2017 to 72% in 2018. Of the 128 rooms available each day, average occupied room per day is 91 room in 2018, which is higher than the 76 rooms in 2017.

- Revenue from food and beverage increased by ₱28.7 million or 58% from ₱49.9 million in 2017 to ₱78.6 million in 2018. The increase is attributable to the increase in foot traffic due to the increase in hotel guests and casino players in 2018.

- Revenue from bingo operations increased by ₱19.9 million or 77% from ₱25.9 million in 2017 to ₱45.8 million in 2018. The increase is attributable to the introduction of monthly and quarterly events which offers attractive prizes and rewards.
- Revenue from rental increased by ₱5.1 million or 23% from ₱22.3 million in 2017 to ₱27.4 million in 2018. The increase is due to the additional lessees within the hotel. In addition, since most of the rental agreement with the lessees includes a variable portion, which are mostly based on sales, the Group benefited from the additional revenue generated by the lessees which is significantly higher due to the increase in foot traffic in the property.

Total operating costs and expenses for the years ended December 31, 2018 and 2017 amounted to ₱1,179.6 million and ₱1,050.1 million, respectively. The significant increase in the total operating costs and expenses is due to higher taxes and licenses, gaming fees, contracted services, salaries and wages, costs of food, beverages and tobacco, security services, repairs and maintenance, utilities and other expense.

The significant cost and expenses that contributed to the increase are as follows:

- Contracted services increased by ₱14.6 million or 25% from ₱59.0 million in 2017 to ₱73.6 million in 2018. The increase is due to increase in number of required manpower for its hotel and food and beverage operations and gaming marketing and membership services attributable to the increased in Group's operations.

- Gaming fees increased by ₱17.7 million or 37% from ₱48.1 million in 2017 to ₱65.8 million in 2018. Gaming fees consist of the revenue share of PAGCOR in the Group's bingo revenue and the Group's subsidiary's manpower cost for its gaming operations. Furthermore, gaming fees also include prizes and rewards distributed for the monthly and quarterly bingo special events. The increase in gaming fees is directly attributable to the related increase in revenue from bingo operations.

- Salaries and wages increased by ₱11.6 million or 22% from ₱52.3 million in 2017 to ₱63.9 million in 2018. The increase in salaries and wages is attributable to the Group's employment of the two key management positions. In addition, the Group also employed additional employees as the Group's operation has been steadily increasing.

- Bad debt expense in 2018 resulted from the assessment made by management on certain nontrade receivables of the Company, which management assessed to be with higher likelihood of not being collected.

- Repairs and maintenance increased by ₱7.4 million or 22% from ₱33.0 million in 2017 to ₱40.4 million in 2018. The increase can be attributable to the cost for the maintenance of air condition/ventilation as the Group engages itself to additional service providers engaged for the maintenance of motor controller and pump equipment found in the casino and hotel and the inspection of air quality systems. Another factors are the increase of electrical and mechanical expenses which can be attributed to the various repairs to the building and the increase of system and software maintenance.

- Security services increased by ₱9.0 million or 33% from ₱27.5 million in 2017 to ₱36.5 million in 2018. The increase is due to the full year implementation of the minimum wage hike ordered on October 16, 2017. In addition, during the year, the Group increased its security line personnel and K9 handler due to the increase in the foot traffic the hotel and casino have experienced.

- Taxes and licenses increased by ₱31.4 million from ₱3.7 million in 2017 to ₱35.2 million in 2018. The significant increase is due to the amortization of the prepaid real property tax amounting to ₱29.0 million. In addition, there is an amortization of filing and listing fees paid in advance amounting to ₱3.1 million.

- Service fee increased by ₱5.9 million or 23% from ₱25.7 million in 2017 to ₱31.6 million in 2018. The increase is due to the management fee being charged by service provider, engaged in providing consultancy, advisory, and technical services in relation to the operation, management and development of the casino amounting to ₱4.9 million. In addition, the Group enters into a new contract with a service provider for the strategy and planning development, conceptualization, production of advertising materials and marketing of the Group's banquet and hotel rooms. This increased the expense incurred by ₱1.0 million.

- Advertising and marketing expenses decreased by ₱6.4 million or 17% from ₱37.7 million in 2017 to ₱31.3 million in 2018. The decrease is due to the decline in the advertising from TV, radio and social media directly paid by the Group since it employs a service provider to do much of its promotion during the year as well as the transactions with various advertising companies in exchange of their goods and services and reduction of complimentary food and beverages given to guests.

- The cost of food, beverage and tobacco increased by ₱10.0 million or 48% from ₱21.0 million in 2017 to ₱31.0 million in 2018. The increase is due to the increase in the number of guests in hotel, casino, concert, banquet and bingo events throughout the year. The cost rise by ₱5.5

million and ₱4.1 million for food and beverage, respectively. This is also directly attributable to the increase in revenue from food and beverage for the year.

- Banquet expenses increased by ₱6.4 million or 40% from ₱16.2 million in 2017 to ₱22.6 million in 2018. The increase is due to the significant increase in the number of banquet events from 149 events in 2017 to 192 events in 2018.

- Other expenses of the Group decreased by 87% or ₱45.4 million. The decrease is due to the cost containment measure implemented by the Group.

Interest Expense

Total interest expense amounting to ₱189.5 million is lower by ₱19.8 million or 9% as compared to prior year's ₱209.3 million. Interest expense decreased as a result of the payment of ₱700 million principal amount in 2018.

Discussion on Financial Condition and Changes in Financial Condition

	For the Year Ended December 31				
	2020	2019	2018	% Change	% Change
	Amount in Millions of Philippine peso except EPS			2020 vs. 2019	2019 vs. 2018
ASSETS					
Current Assets					
Cash	₱21.0	₱41.8	₱472.4	(49.8%)	(91.2%)
Receivables	204.1	238.2	212.4	(14.3%)	12.1%
Inventories	20.2	25.2	20.6	(19.8%)	22.3%
Current portion of input value added tax (VAT)	10.9	16.8	33.3	(35.1%)	(49.5%)
Other current assets	114.1	175.5	19.7	(35.0%)	790.9%
Total Current Assets	370.3	497.5	758.4	(25.6%)	(34.4%)
Noncurrent Assets					
Property and equipment	3,766.1	4,002.1	5,132.8	(5.9%)	(22.0%)
Investment property	744.6	774.4	–	(3.8%)	100.0%
Input VAT- net of current portion	440.8	418.6	367.1	5.3%	14.0%
Other noncurrent assets	344.1	404.3	442.3	(14.9%)	(8.6%)
Total Noncurrent Assets	5,295.6	5,599.4	5,942.2	(5.4%)	(5.8%)
	₱5,665.9	₱6,096.9	₱6,700.6	(7.1%)	(9.0%)
LIABILITIES AND EQUITY					
Accounts payable and other current liabilities	₱591.0	₱502.9	₱554.2	17.5%	(9.3%)
Retention payable	7.9	8.8	138.5	(10.2%)	(93.6%)
Interest payable	40.2	15.2	15.9	164.5%	(4.4%)
Current portion of loans payable	138.0	185.3	694.4	(25.5%)	(73.3%)
Contract liabilities	16.6	15.9	12.5	4.4%	27.2%
Total Current Liabilities	793.7	728.1	1415.5	9.0%	(48.6%)
Noncurrent Liabilities					
Advances from stockholders	436.3	343.6	–	27.0%	100.0%
Loans payable - net of current portion	2,154.8	2,152.4	2,092.2	0.1%	2.9%
Deposit for future stock subscription	2,426.5	2,426.5	2,142.2	0.0%	13.3%
Other noncurrent liabilities	37.5	47.9	8.2	(21.7%)	484.1%
Total Noncurrent Liabilities	5,055.1	4,970.4	4,242.6	1.7%	17.2%
Total Liabilities	5,848.8	5,698.5	5,658.1	2.6%	0.7%

Equity					
Capital stock	3,174.4	3,174.4	3,174.4	0.0%	0.0%
Deficit	(3,365.3)	(2,776.3)	(2,134.2)	21.2%	30.1%
Actuarial gains on retirement liability	8.0	0.3	2.3	2566.7%	(87.0%)
Total Equity	(182.9)	398.4	1,042.5	(145.9%)	(61.8%)
	₱5,665.9	₱6,096.9	₱6,700.6	(7.1%)	(9.0%)

Discussion on some Significant Change in Financial Condition as of December 31, 2020 and 2019

Total assets amounting to ₱5,665.9 million in 2020, decreased by ₱431.0 million or 7% from ₱6,096.9 million in 2019.

1. Cash decreased by ₱20.8 million or 50%, from ₱41.8 million in 2019 to ₱21.0 million in 2020 due to the following:

    a) The negative cash flows used in operating activities amounting to ₱51.5 million resulted from the difference in operating loss generated amounting to ₱160.8 million and changes in the working capital amounting to ₱107.2 million. The significant decrease in operating income is due to the limited accommodation on food and beverage, and hotel operations, waiver of rental receivables, reduced table games and slot machine operation and suspension of banquet events due to the government restrictions imposed in response to the COVID-19 pandemic.

    b) Net cash flows from investing activities amounting to ₱45.6 million is due to the acquisition of building improvements, machineries and non-gaming equipment amounting to ₱13.8 million during the year and the decrease in other noncurrent asset amounting to ₱59.4 million.

    c) Negative cash flows used in financing activities amounted to ₱14.8 million for the current year. The Group made payments amounting to ₱47.1 million and ₱130.1 million for loan principal payment and interest and other financing charges, respectively. On the other hand, the Group received proceeds from advances to stockholders amounting to ₱102.7 million and the infusion of restricted cash amounting to ₱59.7 million to pay for its maturing loan obligations.

2. The ₱34.1 million or 14% decrease in receivables is primarily due to:
    a) Decrease in receivables by ₱31.4 million from PAGCOR due to the lockdown imposed by the government from March to May and started to resumed its operation in June with restrictions.
    b) Recognition of allowance for doubtful account with its nontrade receivables amounting to ₱7.9 million.

    This is partially offset by:
    a. Increase in the receivable by ₱9.7 million arising from finance lease due to additional gaming equipment.

3. The decrease in inventories of ₱5.0 million or 20% from ₱25.2 million in 2019 to ₱20.2 million in 2020 is mainly due to reduced hotel and casino operations. The demand for food and beverages declined in relation to its limited capacity to operate when it resumed it operations in June. The decline in purchases have increased in October due to lighter restrictions. Also,

the Group acquired new playing cards amounting to ₱1.4 million and consumed ₱4.7 million from its available sets.

4. The increase in input VAT amounting to ₱16.2 million is the result of the current year services rendered to the Company.

5. Other current assets decreased by ₱61.4 million or 35% from ₱175.5 million in 2019 to ₱114.1 million in 2020. The significant decrease is mainly due to payments of loan interest from its debt service reserve account amounting to ₱59.7 million. Additional amortization was incurred during the year from its new prepayments totaling to ₱8.6 million for software maintenance, health insurance and permits.

6. The decrease in other noncurrent assets of ₱60.2 million or 15% from ₱404.3 million in 2019 to ₱344.1 million in 2020 is mainly due to reclassification of lease receivable to current asset due to amortization. The further decrease in other noncurrent assets is attributable to the fully depreciated kitchen bar utensils and the depreciation of other noncurrent assets which were minimized by acquisition of linens and uniforms amounting to ₱1.8 million.

7. The accounts payable and other current liabilities increased by ₱88.1 million or 18% from ₱502.9 million in 2019 to ₱591.0 million in 2020. This is because the Group has newly contracted but unpaid services that includes installations and repairs in the hotel. The Group's accruals have significantly increased due to accrual of real property taxes, software maintenance, advertising, meal allowance and service fees.

8. Interest payable increased by ₱25.0 million or 165% from ₱15.2 million in 2019 to ₱40.2 million in 2020. The increase is due to the unpaid monthly interest on its outstanding loans payable in 2020.

9. The decrease in current portion of loans payable by ₱47.3 million or 26% from ₱185.3 million in 2019 to ₱138.0 million in 2020 is attributable to the Group's payment of loan principal. In light of COVID 19 outbreak, the Group was granted the deferrment of the quarterly principal payments until May 2021 as well as its quarterly interest payment to monthly interest payment from June 2020 to February 2021.

10. Advances from stockholders increased by ₱92.7 million or 27% from ₱343.6 million in 2019 to ₱436.3 million in 2020 due to new loan agreements entered by the Parent Company with its stockholders. The proceeds of these loans were used to pay the maturing loan obligation and to support its working capital requirements.

Discussion on Some Significant Change in Financial Condition as of December 31, 2019 and 2018

Total assets amounting to ₱6,096.9 million, decreased by ₱603.7 million or 9% from ₱6,700.6 million in 2018.

1. Cash decreased by ₱430.6 million or 91%, from ₱472.4 million in 2018 to ₱41.8 million in 2019 due to the following:

   a) The negative cash flows from operating activities amounting to ₱205.8 million resulted from the difference in operating income generated amounting to ₱34.9 million and changes in the working capital amounting to ₱240.7 million of which mainly due from payment of retention payable during the year. Although the Group's revenue increased this year as compared to prior year, the cash outflows for payment of operating expenses is still higher.

b) Net cash flows used in investing activities amounting to ₱38.9 million is significantly affected by the acquisition of building improvements, machineries and non-gaming equipment amounting to ₱54.1 million during the year and the decreased in other noncurrent asset amounting to ₱15.2 million.

c) Negative net cash flows from financing activities amounted to ₱185.9 million for the current year. The Group made payments amounting to ₱2.8 billion and ₱187.8 million for loan principal payment and interest and other financing charges, respectively. On the other hand, the Group received proceeds from advances to stockholders amounting to ₱343.6 million, deposit for future stocks subscription amounting to ₱284.3 million, availment of loans amounting to ₱2.3 billion.

2. The ₱25.8 million or 12% increase in receivables is primarily due to:

   a) Increase in trade receivables from non-related parties amounting to ₱55.2 million. It includes the reclass of long deposit pertaining to cash bond for junket operation of TSLC amounting to ₱20.9 million.
   b) Increase in receivable arising from its PTO related to gaming equipment and gaming facilities amounting to ₱14.1 million and ₱12.6 million, respectively.

   This is partially offset by:
   a) Recognition of allowance for doubtful account with its nontrade receivables amounting to ₱55.2 million.

3. The increase in inventories of ₱4.6 million or 22% from ₱20.6 million in 2018 to ₱25.2 million in 2019 is mainly due to the growing demand in food and beverage, and hotel services of the Group. In addition, the Group increased its inventory purchase to address the increasing number of foot traffic during the year.

4. The increase in input VAT amounting to ₱35.0 million is the result of the current services rendered to the Group and acquisition of property and equipment.

5. Prepayments and other current assets increased by ₱155.8 million or 791% from ₱19.7 million in 2018 to ₱175.5 million in 2019. The significant increase is mainly due to setting up the debt service account as required by loan facility amounting to ₱163.3 million.

6. The decrease in property and equipment of ₱1.1 billion or 22% from ₱5.1 billion in 2018 to ₱4.0 billion in 2019 is mainly due to reclassification of portion of its building as investment property costing ₱781.8 million and recorded depreciation expense amounted to ₱400.8 million. In addition, the Group acquired additional property and equipment amounted to ₱54.1 million in 2019.

7. Investment property increased by ₱774.4 million or 100% due to the Group reclassifying a portion of its building as investment property in 2019.

8. Other noncurrent assets decreased by ₱38.0 million or 9% from ₱442.3 million in 2018 to ₱404.3 million in 2019 due to reclassification of long-term deposits of TSLC to receivables and amortization of operating equipment amounting ₱20.9 million and ₱22.8 million, respectively.

9. The accounts payable and other current liabilities decreased by ₱51.3 million or 9% from ₱554.2 million in 2018 to ₱502.9 million in 2019. This is because the Group has paid off its liabilities from creditors providing non-recurring transactions such as, structural and architectural services, cabling services purchase of alarms, air compressors, door accessories, decorations, and their Micro Workstation software.

10. Retention payable decreased by ₱129.7 million or 94% from ₱138.5 million in 2018 to ₱8.8 million in 2019. The decrease in retention payable is due to completion and settlement of the Group's projects.

11. Contract liabilities increased by ₱3.4 million or 27% from ₱12.5 million in 2018 to ₱15.9 million in 2019. The increase in contract liabilities is due to new contract agreements with third parties.

12. Loans payable decreased by ₱448.9 million or 16% from ₱2,786.6 million in 2018 to ₱2,337.7 million in 2019. The Parent Company entered into 7-year loan agreement amounting ₱2.4 billion with BDO Unibank. The proceeds from the loan was availed solely to refinance the outstanding balance of its ₱3.5 billion loan with Unionbank. This new loan agreement provides lower principal payments amounting to ₱47.1 million as compared to original loan of ₱175.0 million. In addition, the Parent Company paid principal payments during the year resulting to the decrease of total loans payable.

13. Advances from stockholders increased due to Parent Company entering into a loan agreement with its stockholders amounting to ₱345.2 million in 2019. The proceeds of these loans were used to pay the maturing loan obligation and to support its working capital requirements.

14. Deposit for future stock subscription increased by ₱284.3 million or 13% from ₱2.1 billion in 2018 to ₱2.4 billion in 2019. Additional deposits were provided by shareholders in anticipation of the planned stock rights offering.

15. Other noncurrent liability increased by ₱39.7 million or 484% from ₱8.2 million in 2018 to ₱47.9 million in 2019. The increase is due to security deposit received from its new lessee amounting to ₱35.4 million.

Discussion on Significant Change in Financial Condition as of December 31, 2018 and 2017

Total assets amounted to ₱6,700.6 million as of December 31, 2018, which decreased by ₱248.4 million or 3.6% from ₱6,949.0 million as of December 31, 2017.

1. For the year ended December 31, 2018, cash and cash equivalents amounting to ₱472.4 million, decreased by ₱86.5 million or 15.5% from ₱558.9 million in 2017 due to the following:

    a) In 2018, net cash flows from operating activities amounting to ₱70.6 million, which resulted from the difference in revenue generated during the period amounting to ₱623.0 million, cash operating expenses amounting to ₱664.7 million, and changes in the working capital amounting to ₱112.3 million.

Cash operating expense in 2018 mainly pertains to utilities expenses (₱93.7 million), contracted services (₱73.6 million), gaming fees (₱65.8 million), salaries and wages (₱63.9 million), among others.

b) Net cash flows used in investing activities amounting to ₱328.3 million comprise mainly of acquisition of property, plant and equipment amounting to ₱239.3 million and increase on other noncurrent assets amounting to ₱141.9 million which was partially offsets to the decrease on advances to contractors, amortization of operating equipment and recognition of receivable arising from its permit to operate (PTO) related to gaming equipment with a total of ₱52.9 million.

c) Net cash flows from financing activities amounting to ₱170.6 million comprise mainly the receipt of deposit for future stock subscription amounting to ₱1,056.1 million and payment of the principal and interest of its loan payable amounting to ₱885.5 million.

2. Receivable increased by ₱31.4 million or 17.3% from ₱212.4 million in 2017 to ₱181.0 million in 2018. The increase is primarily due to the increase in trade receivables from non-related parties amounting to ₱29.6 million. This increase is brought by the increase in the Group's receivable to its lessee. Also, the group reconized receivable arising from PTO related to gaming equipment amounting to ₱57.1 million. The increase in the receivables account is partially offset by the recognition of allowance for doubtful account with its nontrade receivables amounting to ₱57.1 million and decrease in the receivable arising from its PTO related to gaming equipment amounting to ₱2.2 million.

3. Inventories decreased by ₱7.7 million or 27% from ₱28.3 million in 2017 to ₱20.6 million in 2018. The decrease is the result of consumption of playing cards used in its gaming operation. In 2017, the Group maintained a large number of inventories related to playing cards that are carried forward this year. This number of playing cards sustained the 2018 operations.

4. Prepayment and other current assets decreased by ₱22.5 million or 53% from ₱42.2 million in 2017 to ₱19.7 million in 2018. The significant decrease mainly pertains to the amortization of real property tax which was paid in 2017 amounting to ₱29.6 million. This is partially offset by the down payments made for playing cards and operating equipment amounting to ₱7.1 million

5. The increase of ₱37.8 million of the Group's input VAT is the result of the current year services rendered to the Group and purchase of various supplies for operations.

6. Other noncurrent assets increased by ₱296.6 million or 204% from ₱145.7 million in 2017 to ₱442.3 million in 2018. The increase is mainly due to recognition of noncurrent portion of receivable arising from PTO related to gaming equipment amounting to ₱382.2 million which partially offset by the decrease in advances to contractors and suppliers and the amortization for operating equipment amounting to ₱85.6 million.

7. Accounts payable and other current liabilities increased by ₱243.3 million or 78% from ₱310.9 million in 2017 to ₱554.2 million in 2018. The increase is mainly attributed by the additional unpaid service fee for the year amounting to ₱41.3 million, unpaid gaming equipment amounting to ₱185.7 million and the remaining came from additional billings from contractors.

8. Retention payable decreased by 50.4% due to completion of the Group's projects during the year and payment of the Group amounting to ₱140.7 million.

9. Contract liabilities increased by ₱12.5 million as a result of the adoption of the new revenue recognition standard.

10. Loans payable decreased by ₱692.9 million or 20% from ₱3,479.4 million in 2017 to ₱2,786.5 million in 2018. The decrease is due to the payment of the principal amount amounting to ₱700.0 million and the accretion of interest amounting to ₱7.1 million.

11. Increase in deposit for future stock subscription increased by ₱1.0 billion or 97% from ₱1.1 billion to ₱2.1 billion in 2018 resulted from the additional cash provided by the shareholders in anticipation of the planned stock rights offering.

KEY PERFORMANCE INDICATORS (KPI)

- ***Comparative KPI for the years ended December 31, 2020 and 2019***

Indicators	Manner of Computation	2020	2019
Current ratio	Current Assets / Current Liabilities	0.47:1	0.68:1
Debt-to-Equity Ratio	Total Liabilities / Total Equity	1.53:1	1.16:1
Asset-Liability Ratio	Total Assets / Total Liabilities	0.97:1	1.07:1
Return on Assets	Net Income (Loss) / Total Assets	(10%)	(11%)
Basic Earnings (Loss per share)	Net Income (Loss) / Outstanding Common Shares	(₱0.186)	(₱0.202)

Current ratio is regarded as a measure of the Group's liquidity or its ability to meet maturing obligations. For the year ended December 31, 2020, the current ratio is 0.47:1 compared to 0.68:1 of the prior year. The outstanding liabilities in 2020 mostly consist of balances of payables to contractors and suppliers for the services and/or goods provided for the Group's day-to-day operations; accruals pertaining to payroll, employee benefits, utilities, travel and transportation, security service fees, professional fees and others wherein billings/settlements thereof are expected to be provided/resolved in the next financial year; and the current portion of loans arrangement with local banks. The Group has ₱0.47 current assets to support every ₱1.00 of their current liabilities, which means that the Group's current assets are insufficient to meet its current liabilities.

The debt to equity ratio measures the riskiness of the Group's capital structure in terms of relationship between funds supplied to creditors (debt) and investors (equity). For the year ended December 31, 2020, the debt to equity ratio has increased by 0.37 from 1.16 in 2019 to 1.53 in 2020. This indicates a higher risk on the Group's perspective, as debt holders may have higher claims than investors on the Group's assets in case of liquidation.

The asset-liability ratio, exhibits the relationship of the total assets of the Group with its total liabilities. For the year ended December 31, 2020, the asset-liability ratio is 0.97:1 from 1.07:1 as of that of December 31, 2019. The ratio indicates that the Group has ₱.97 of assets to satisfy every ₱1.00 of liability to creditors/suppliers through asset facilitation. Moreover, the effect of high assets to liabilities ratio indicates that the Group can still take additional financing through credit arrangements with banks and financial institutions.

Return on assets allowed the Group to see how much income (loss) generates per peso asset. For the year ended December 31, 2020 and 2019, the return on asset is negative 10% and 11%, respectively. This means that the Group is neither effective nor efficient in utilizing its economic resources.

For the year ended December 31, 2020, the Group's loss per share amounts to ₱0.186 which increased from ₱0.202 that of prior year.

Significant Disclosures

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on liquidity.

There are no events that will trigger contingent financial obligation.

There are substantial commitments worth on capital expenditures.

There are no material-off balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no known trends, events, or uncertainties which are reasonably expected to have a favorable or unfavorable impact from continuing operations.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

The Company is not aware of any seasonal aspects or known events or uncertainties which will have a material effect on the sales and overall financial condition or results of operations of the Company.

- ***Comparative KPI for the years ended December 31, 2019 and 2018***

The following are the comparative key performance indicators of the Group and the manner of its computation for the year ended:

Indicators	Manner of Computation	2019	2018
Current ratio	Current Assets / Current Liabilities	0.68:1	0.54:1
Debt-to-Equity Ratio	Total Liabilities / Total Equity	1.16:1	1.10:1
Asset-Liability Ratio	Total Assets / Total Liabilities	1.07:1	1.18:1
Return on Assets	Net Income (Loss) / Total Assets	(11%)	(11%)
Basic Earnings (Loss) per share	Net Income (Loss) / Outstanding Common Shares	(₱0.202)	(₱0.235)

Current ratio is regarded as a measure of the Group's liquidity or its ability to meet maturing obligations. For the year ended December 31, 2019, the current ratio is 0.68:1 compared to 0.54:1 of the prior year. The outstanding liabilities in 2019 mostly consist of balances of payables to contractors and suppliers for the services and/or goods provided for the Group's day-to-day operations; accruals pertaining to payroll, employee benefits, utilities, travel and transportation, meeting and conferences, security service fees, professional fees and others wherein billings/settlements thereof are expected to be provided/resolved in the next financial year; and the current portion of loans arrangement with local banks. The Group has ₱0.68 current assets to support every ₱1.00 of their current liabilities, which means that the Group’s current assets are insufficient to meet its current liabilities.

The debt to equity ratio measures the riskiness of the Group’s capital structure in terms of relationship between funds supplied to creditors (debt) and investors (equity). For the year ended December 31, 2019, the debt to equity ratio has increased by 0.16 from 1.10 in 2018 to 1.16 in 2019. This indicates a higher risk on the Group’s perspective, as debt holders may have higher claims than investors on the Group’s assets in case of liquidation.

The asset-liability ratio, exhibits the relationship of the total assets of the Group with its total liabilities. For the year ended December 31, 2019, the asset-liability ratio is 1.07:1 from 1.18:1 as of that of December 31, 2018. The ratio indicates that the Group has ₱1.07 of assets to satisfy every ₱1.00 of liability to creditors/suppliers through asset facilitation. Moreover, the effect of high assets to liabilities ratio indicates that the Group can still take additional financing through credit arrangements with banks and financial institutions.

Return on assets allowed the Group to see how much income (loss) generates per peso asset. For the year ended December 31, 2019 and 2018, the return on asset is negative 11%. This means that the Group is neither effective nor efficient in utilizing its economic resources.

For the year ended December 31, 2018, the Group’s loss per share amounts to ₱0.202 which decreased from ₱0.235 that of prior year.

Significant Disclosures

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on liquidity.

There are no events that will trigger contingent financial obligation.

There are substantial commitments worth on capital expenditures.

There are no material-off balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no known trends, events, or uncertainties which are reasonably expected to have a favorable or unfavorable impact from continuing operations.

There are no significant elements of income or loss that did not arise from the Company’s continuing operations.

The Company is not aware of any seasonal aspects or known events or uncertainties which will have a material effect on the sales and overall financial condition or results of operations of the Company.

- ***Comparative KPI for the years ended December 31, 2018 and 2017***

The following are the comparative key performance indicators of the Group and the manner of its computation for the year ended:

Indicators	Manner of Computation	2018	2017
Current ratio	Current Assets / Current Lilbilities	0.54:1	0.64:1
Debt-to-Equity Ratio	Total Liabilities / Total Equity	1.10:1	1.43:1
Asset-Liability Ratio	Total Assets / Total Liabilities	1.18:1	1.34:1
Return on Assets	Net Income (Loss) / Total Assets	(11%)	(11%)
Basic Earnings (Loss per share)	Net Income (Loss) / Outstanding Common Shares	(₱0.235)	(₱0.249)

Current ratio is regarded as a measure of the Group's liquidity or its ability to meet maturing obligations. For the year ended December 31, 2018, the current ratio is 0.54:1 compared to 0.64:1 of the prior year. The outstanding liabilities in 2018 mostly consist of balances of payables to contractors and suppliers for the services and/or goods provided for the Group's day-to-day operations; accruals pertaining to payroll, employee benefits, utilities, travel and transportation, meeting and conferences, security service fees, professional fees and others wherein billings/settlements thereof are expected to be provided/resolved in the next financial year; and the current portion of loans arrangement with local banks.The Group has ₱0.54 current assets to support every ₱1.00 of their current liabilities, which means that the Group's current assets are insufficient to meet its current liabilities.

The debt to equity ratio measures the riskiness of the Group's capital structure in terms of relationship between funds supplied to creditors (debt) and investors (equity). For the year ended December 31, 2018, the debt to equity ratio has decreased by 0.33 from 1.43 of 2017 to 1.10 of 2018.

The asset-liability ratio, exhibits the relationship of the total assets of the Group with its total liabilities. For the year ended December 31, 2018, the asset-liability ratio is 1.18:1 from 1.34:1 as of that of December 31, 2017. The ratio indicates that the Group has ₱1.18 of assets to satisfy every ₱1.00 of liability to creditors/suppliers through asset facilitation. Moreover, the effect of high assets to liabilities ratio indicates that the Group can still take additional financing through credit arrangements with banks and financial institutions.

Return on assets allowed the Group to see how much income (loss) generates per peso asset. For the year ended December 31, 2018 and 2017, the return on assets is both negative 11%.

For the year ended December 31, 2018, the Group's loss per share amounts to ₱0.235 which decreased from ₱0.249 that of prior year.

Significant Disclosures

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on liquidity.

There are no events that will trigger contingent financial obligation.

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There are no material-off balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no known trends, events, or uncertainties which are reasonably expected to have a favorable or unfavorable impact from continuing operations.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

The Company is not aware of any seasonal aspects or known events or uncertainties which will have a material effect on the sales and overall financial condition or results of operations of the Company.

(2) Plan of Operations

The Winford Manila Resorts and Casino (WMRC), the newest integrated resort at the heart of San Lazaro Tourism and Business Park in the Philippine capital's historic Chinese quarter. Built at ₱8.0 billion, WMRC is a world-class hospitality and entertainment hotel which serves as an oasis filled with leisure and luxury alternatives for everyone to enjoy from its 126 all-suites rooms, an expensive podium to house high-end restaurants, 900 parking slots, fully-equipped fitness center, wellness spa, business facilities to over 9,000 square meters of internationally designed themed indoor gaming and entertainment facility.

The Group has been rapidly increasing its gaming operation with additional gaming floor area opened last April 2018. The expansion added more gaming tables and slot machines to accommodate the drastic increase of its patrons. On December 31, 2020, due to the effects of quarantine restrictions, the Group reduced its operational gaming tables from 30 in 2019 to 22 gaming tables in 2020 and its operational slot machines from 521 in 2019 to 273 slot machines in 2020. Furthermore, operating hours were also reduced. Due to social distancing, ground floor casino is renovated to expand gaming area to accommodate additional slot machines and electronic table games so that more are operating at a time. The Group plans to steadily increase its operational table games to 30 and operational slot machines to 500 by the end of next year. The Group assumes that for the following years, they will be allowed to operate at minimum 50% capacity and will resume 24 hours of operation.

For its hotel operations, currently the Group is operating as a quarantine facility to accommodate bookings from OWWA and off-signers crew of shipping companies. While the permit to operate for leisure booking is still pending for approval from Department of Tourism (DOT), the Company is applying for hotel accreditation on "Multi-Use Property", wherein even if the Group operates as a quarantine facility, they can still operate their ballroom and other function halls for other events like weddings and gatherings, with adherence to social distancing protocols. Marketing and public relations (PR) highlights include quarterly car raffle, a monthly appliance and cash raffle, slot machine tournaments, and more Earn & Redeem promotions. Rental income will be supplemented by the continuation of online sports betting.

The Group entered into an agreement with its suppliers and with a local bank to defer its maturing liabilities with them in order to utilize its cash flows more effectively. In addition, a local bank provided the Group with a credit line facility to ensure that the Group has adequate funds for its working capital needs and to meet its maturing obligations.

IV. Management's Discussion and Analysis of Financial Condition and Results of Operations of the Interim Financial Statements as of March 31, 2021 and 2020

The following discussion and analysis relate to the consolidated financial position and results of operation of MJC Investments Corporation and Subsidiary and should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements and related notes as of and for the periods ended March 31, 2020 and 2019.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the three months ended March 31, 2021 and 2020:

	For the Three months Ended			
	March 31, 2021	March 31, 2020	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱36.7	₱116.9	(80.2)	(68.6%)
Hotel	6.5	15.1	(8.6)	(57.0%)
Food and Beverage	2.7	15.5	(12.8)	(82.6%)
Bingo Operations	0.0	8.9	(8.9)	(100.0%)
Rental	1.7	7.9	(6.2)	(78.5%)
Other revenue	0.5	2.7	(2.2)	(81.5%)
	48.1	167.0	(118.9)	(71.2%)
Operating cost and expenses	(164.4)	(223.1)	(58.7)	(26.3%)
Operating loss	(116.3)	(56.1)	60.2	107.3%
Other income (expenses)				
Interest expense	(41.3)	(39.2)	(2.1)	5.4%
Interest income	0.02	0.03	(0.01)	(33.3%)
Miscellaneous income (expenses)	0.2	0.7	(0.5)	(71.4%)
	(41.1)	(38.5)	(2.6)	6.8%
Loss before income Tax	(157.4)	(94.6)	(62.8)	66.4%
Provision for income tax	(0.0)	(0.01)	(0.01)	97.0%
Net loss	(157.4)	(94.6)	(62.8)	(66.4%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.2	0.2	-	0.0%
Total comprehensive loss	(157.2)	(94.4)	(62.8)	(66.5%)
Basic/diluted loss per share	(0.05)	(0.03)	(0.02)	(66.7%)

Comparison of Operating Results for the Three Months Ended March 31, 2021 and 2020

Revenue and Operating Costs and Expenses

Revenue includes 40% share in gaming operations, revenue from operations of hotel, food and beverages, bingo operations, rental and other revenue. Total revenue for three months ended March 31, 2021 and 2020 amounted to ₱48.1 million and ₱167.0 million, respectively.

The significant accounts that contributed to the increase are as follows:

- Revenue share in gaming operations decreased by ₱80.2 million or 69% from ₱116.9 million in 2020 to ₱36.7 million in 2021. The decrease is the result of lower operating gaming tables and electronic gaming machines (slot machines) to comply with social distancing policy. Last January 1 to March 14, 2020 the gaming area is operating at full capacity.

  In addition, average monthly foot traffic in the property decreased from .12 million in 2019 to 0.03 million in 2020.

- Revenue from food and beverage decreased by ₱12.8 million or 83% from ₱15.5 million in 2020 to ₱2.7 million in 2021. The decrease is attributable reduced operations of the Group due to imposed community quarantine that resulted to cancelled events held in the hotel and reduced gaming headcount in casino leading to decline in sales of beverages availed by casino players.

- Revenue from hotel rooms decreased by ₱8.6 million or 57% from ₱15.1 million in 2020 to ₱6.5 million in 2021. The decrease is attributable to the mandatory closure of hotels during the community quarantine. The hotel is not yet permitted for leisure bookings and is currently operating as a quarantine facility thus, its only source of revenue are the bookings from the returning overseas Filipinos and off-signers crew of shipping companies. Accordingly, the room occupancy rate declined from 74% in 2020 to 39% in 2021. Of the 128 rooms available on average each day, average occupied paying rooms per day is 95 rooms in 2020, which is lower than the 42 rooms in 2021.

- Revenue from bingo operations decreased from ₱8.9 million in 2020 to nil in 2021. The bingo operations have only operated until March 13, 2020 and did not resume to operate up to date.

- Revenue from rental decreased by ₱6.2 million or 78% from ₱7.9 million in 2020 to ₱1.7 million in 2021. The decrease is due to waiver of rent to its concessionaires in the midst of the pandemic. In addition, four rental contracts have been terminated.

- Other revenue decreased by ₱2.2 million or 82% from ₱2.7 million in 2020 to ₱0.5 million in 2021. This is mainly attributable to decrease in consumption of utilities by the Group's concessionaires since only two have resumed and continued to operate since June 2020.

Total operating costs and expenses for the years ended March 31, 2021 and 2020 amounted to ₱164.4 million and ₱223.1 million, respectively. The significant decrease in the total operating costs and expenses is due to lower depreciation, salaries and wages, gaming fees, contracted services, cost of hotel room and supplies, advertising and marketing, professional fees, banquet, entertainment, cost of food, beverage and tobacco and other operational expenses which is partially offset by the increase in taxes and licenses.

The significant accounts that contributed to the decrease are as follows:

- Depreciation and amortization decreased by ₱8.3 million or 11% from ₱72.5 million in 2020 to ₱64.2 million in 2021. This is due to several equipment becoming fully depreciated during the year and fully amortization of prepayments.

- Salaries and wages expense decreased by ₱7.4 million or 34% from ₱22.0 million in 2020 to ₱14.6 million in 2021. This is attributable to reduced worked days and limited allowable capacity to operate for the first quarter.

- Utilities decreased by ₱6.5 million or 30% from ₱21.5 million in 2020 to ₱15 million in 2020. The decrease is attributable to reduced gaming capacity, lower occupancy and decreased consumption of utilities from concessionaires since only two have reopened and continued to operate in this quarter.

- Taxes and licenses increased by ₱5.3 million or 53% from ₱10.0 million in 2020 to ₱15.3 million in 2021. The increase corresponds with the higher property taxes for the year.

- Repairs and maintenance expense decreased by ₱1.9 million or 16% from ₱11.8 million in 2020 to ₱9.9 million in 2021. The decrease is due to reduced usage of air-conditioned facilities and reduced preventive maintenance to generator sets since the operation limited only the allowable capacity for the first quarter.

- Contracted services significantly decreased by ₱9.8 million or 53% from ₱18.4 million in 2020 to ₱8.6 million in 2021. This is mainly due to the decreased in contracted manpower services in the hotel and casino with reduced worked days and with limited capacity of operations for the first quarter.

- Security services expense decreased by ₱3.4 million or 36% from ₱9.4 million in 2020 to ₱6.0 million in 2021. Hotel and casino operations resumed but with limited capacity which resulted to decrease in required number of security services.

- Advertising and marketing decreased by ₱3.6 million or 51% from ₱7.1 million in 2020 to ₱3.5 million in 2021. Marketing efforts to advertise the hotel were reduced since the Department of Tourism (DOT) prohibited the leisure operations of hotel. Advertisements for gaming operations of the casino have also not been allowed by PAGCOR.

- Food, beverage and tobacco decreased by ₱3.3 million or 42% from ₱7.8 million in 2020 to ₱4.5 million in 2021. This is attributable to the decrease in number of guests and players for its hotel and casino since concerts, banquets and other hotel events have been cancelled throughout
  the quarter. The consumption of tobacco also decreased due to smoking prohibition inside the venue of casino.

- Hotel room and supplies decreased by ₱2.6 million or 51% from ₱5.1 million in 2020 to ₱2.5 million in 2021. The hotel ceased to accept leisure bookings as imposed by the DOT, due to that, the hotel currently serves as a quarantine facility for returning OFWs under the provision of OWWA. These quarantine restrictions brought significant decrease in hotel guests, resulting in proportionate declined of laundry and cleaning expenses.

- Professional fees decreased by ₱1.2 million or 46% from ₱2.6 million in 2020 to ₱1.4 million in 2021. This is mainly due to the decrease in retainer's fees, consultancy fees and accounting fees rendered to the Group during the time of COVID 19 pandemic since operations were limited to allowable capacity.

- Gaming fees decreased by ₱5.9 million or 98% from ₱6.0 million in 2020 to ₱0.1 million in 2021. The decrease is mainly due to the temporary suspension of the bingo operations last March 13, 2020 up to date.

- Banquet expenses decreased by ₱4 million or 100% from ₱4 million in 2020 to ₱nil in 2021. Banquet events have not resumed up to date due to government restrictions in gathering.

- Entertainment expenses decreased by ₱2.7 million or 100% from ₱2.7 million in 2020 to ₱nil in 2021. Performances for hotel guests and casino players were cancelled due to restrictions in large gatherings as imposed by the national government from April 2020 up to date.

- Other expenses decreased by ₱3.9 million or 74% from ₱5.7 million in 2020 to ₱1.4 million in 2021. The decrease is due to the decrease in operating and administrative related activities of the Group which resulted to decline in incurrence of miscellaneous expenses.

Analysis of Statements of Financial Position

	For the Period Ended			
	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso			
Assets				
Cash and cash equivalents	₱48.8	₱21.0	27.8	132.4%
Receivables	186.5	204.1	(17.6)	(8.6%)
Inventories	16.2	20.2	(4.0)	(19.8%)
Current portion of input value added tax (VAT)	18.0	10.9	7.1	65.1%
Prepayments and other current assets	83.5	114.1	(30.6)	(26.8%)
Property and equipment	3,713.4	3,766.1	(52.7)	(1.4%)
Investment Property	737.1	744.6	(7.5)	(1.0%)
Input VAT- net of current portion	439.3	440.8	(1.5)	(0.3%)
Other noncurrent asset	322.4	344.1	(21.7)	(6.3%)
Total Assets	₱5,565.2	₱5,665.9	(100.7)	(1.8%)
Liabilities				
Accounts payable and other current liabilities	₱624.2	₱607.6	16.6	2.7%
Retention payable	4.1	7.9	(3.8)	(48.1%)
Interest payable	44.7	40.2	4.5	11.2%
Advances from Stockholders	473.6	436.3	37.3	8.5%
Loans payable	2,293.7	2,292.8	0.9	0.0%

Deposit for future subscription	2,426.5	2,426.5	-	0.0%
Other noncurrent liabilities	38.5	37.5	1	2.7%
Total Liabilities	5,905.3	5,848.8	56.5	1.0%
Capital stock	3,174.4	3,174.4	-	0.0%
Deficit	(3,522.7)	(3,365.3)	(157.4)	4.7%
Actual gains on retirement liability	8.2	8	0.2	2.5%
Total Equity	(340.1)	(182.9)	(157.2)	85.9%
Total Liabilities and Equity	₱5,565.2	₱5,665.9	(100.7)	(1.8%)

Discussion on some Significant Change in Financial Condition as of March 31, 2021 and December 31, 2020

Total assets amounting to ₱5,565.2 million as of March 31, 2021 decreased by ₱100.7 million or 1.8% from ₱5,665.9 million in December 31,2020.

1. For the period ended March 31, 2021, cash and cash equivalence increased by ₱27.8 million or 132.4%, from ₱21.0 million in 2020 to ₱48.8 million in 2021 due to the following:

   a) The negative cash flows used in operating activities amounting to ₱25.1 million resulted from the difference in operating loss generated amounting to ₱51.7 million and changes in the working capital amounting to ₱26.6 million. The significant decrease in operating income is due to the limited accommodation on food and beverage, and hotel operations, waiver of rental receivables, reduced table games and slot machine operation and suspension of banquet events.

   b) Net cash flows from investing activities amounting to ₱17.6 million is due to the acquisition of building improvements, machineries and non-gaming equipment amounting to ₱3.8 million during the year and the decrease in other noncurrent asset amounting to ₱21.4 million.

   c) Net cash flows used in financing activities amounted to ₱35.2 million for the current year. The Group made payment amounting to ₱36.0 million for interest and other financing charges. On the other hand, the Group received proceeds from advances to stockholders amounting to ₱37.3 million and decrease of restricted cash amounting to ₱ 33.9 million to pay for its maturing interest on loan.

2. The ₱17.6 million or 8.6% decrease in receivables is primarily due to:
   a) Decrease in receivable due mainly due to the collection of ₱17.3 million from doubtful accounts from previous years.
   b) Decrease in receivables from PAGCOR due to the reduced gaming revenue brought by the effects of the pandemic by ₱10.2 million.

   This is partially offset by:
   a. Increase in the receivable arising from finance lease due to additional gaming equipment.
   b. Increase in receivable due quarantine in house guests from corporate accounts.

3. The decrease in inventories of ₱4 million or 19.8% from ₱20.2 million in 2020 to ₱16.2 million in 2021 is mainly due to reduced hotel and casino operations. The demand for food and beverages declined in relation to its limited capacity to operate when it resumed it operations in June 2020 up to date. The decline in purchases have increased for the period due to lighter restrictions. Also, the Group did not acquired new playing cards and consumed ₱2 million from its available sets.

4. The increase in input VAT amounting to ₱5.6 million is the result of the current period services rendered to the Company.

5. Prepayments and other current assets decreased by ₱30.7 million or 26.9% from ₱114.2 million in 2020 to ₱83.5 million in 2021. The significant decrease is mainly due to payments of loan interest from its debt service reserve account amounting to ₱33.9 million.

6. The decrease in other noncurrent assets of ₱21.7 million or 6.3% from ₱344.1 million in 2020 to ₱322.4 million in 2021 is mainly due to reclassification of lease receivable to current asset due to amortization.

7. The accounts payable and other current liabilities increased by ₱16.6 million or 2.7% from ₱607.6 million in 2020 to ₱624.2 million in 2021. The Group's accruals have significantly increased due to accrual of real property taxes, software maintenance, advertising, service fees and other unpaid billings from various contractor and suppliers.

8. Interest payable increased by ₱4.5 million or 11.2% from ₱40.2 million in 2020 to ₱44.7 million in 2021. The increase is due to the unpaid monthly interest on its outstanding loans payable in 2020.

9. The increase in current portion of loans payable by ₱106 million or 76.8% from ₱138.0 million in 2020 to ₱244.0 million in 2021 is attributable to the Group's non payment of loan principal. In light of COVID 19 outbreak, the Group was granted the deferrment of the quarterly principal payments until May 2021 as well as its quarterly interest payment to monthly interest payment from June 2020 to February 2021.

10. Advances from stockholders increased by ₱37.3 million or 8.5% from ₱436.3 million in 2020 to ₱473.6 million in 2021 due to new loan agreements entered by the Parent Company with its stockholders. The proceeds of these loans were used to pay the maturing loan obligation and to support its working capital requirements.

Key Performance Indicators

The following are the comparative key performance indicators of the Corporation and the manner of its computation for the three months ended March 31, 2021 and 2020:

Indicators	Manner of Computation	For the three months ended March 31	
		2021	2020
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	**0.38:1**	0.72:1
Debt-to-Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equities}}$	**1.67:1**	1.22:1

Indicators	Manner of Computation	For the three months ended March 31	
		2021	2020
Asset Liability Ratio	Total Assets / Total Liabilities	**0.94:1**	1.05:1
Return on Assets	Net Income (Loss) / Total Assets	**(3%)**	(2%)
Basic Earnings (losses per share)	Net Income (Loss) / Outstanding Common Shares	**(₱0.05)**	(₱0.03)

Current ratio is regarded as a measure of the Group's liquidity or its ability to meet maturing obligations. For the three months ended March 31, 2021, the current ratio is 0.38:1 compared to 0.72:1 of the prior year. The outstanding liabilities in 2021 mostly consist of balances of payables to contractors and suppliers for the services and/or goods provided for the Group's day-to-day operations; accruals pertaining to payroll, employee benefits, utilities, travel and transportation, security service fees, professional fees and others wherein billings/settlements thereof are expected to be provided/resolved in the next financial year; and the current portion of loans arrangement with local banks. The Group has ₱0.38 current assets to support every ₱1.00 of their current liabilities, which means that the Group's current assets are insufficient to meet its current liabilities.

The debt to equity ratio measures the riskiness of the Group's capital structure in terms of relationship between funds supplied to creditors (debt) and investors (equity). For the three months ended March 31, 2021, the debt to equity ratio has increased by 0.45 from 1.22 in 2020 to 1.67 in 2021. This indicates a higher risk on the Group's perspective, as debt holders may have higher claims than investors on the Group's assets in case of liquidation.

The asset-liability ratio, exhibits the relationship of the total assets of the Group with its total liabilities. For the three months ended March 31, 2021, the asset-liability ratio is 0.94:1 from 1.05:1 as of that of March 31, 2020. The ratio indicates that the Group has ₱.94 of assets to satisfy every ₱1.00 of liability to creditors/suppliers through asset facilitation. Moreover, the effect of high assets to liabilities ratio indicates that the Group can still take additional financing through credit arrangements with banks and financial institutions.

Return on assets allowed the Group to see how much income (loss) generates per peso asset. For the three months ended March 31, 2021 and 2020, the return on asset is negative 3% and 2% respectively.

For the three months ended March 31, 2021, the Group's loss per share amounts to (₱0.05) which increased from (₱0.03) that of prior year.

Significant Disclosures

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on liquidity.

There are no events that will trigger contingent financial obligation.

There are substantial commitments worth on capital expenditures.

There are no material-off balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no known trends, events, or uncertainties which are reasonably expected to have a favorable or unfavorable impact from continuing operations.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

The Company is not aware of any seasonal aspects or known events or uncertainties which will have a material effect on the sales and overall financial condition or results of operations of the Company.

V. Management's Discussion and Analysis of Financial Condition and Results of Operations of the Interim Financial Statements as of June 30, 2021 and 2020

Discussion on Results of Operations

The following table shows a summary of results of the operations for the six months ended June 30, 2021 and 2020:

	For the Six months Ended			
	June 30, 2021	June 30, 2020	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱46.4	₱119.0	(72.6)	(61.0%)
Hotel	21.1	15.3	5.8	37.9%
Food and Beverage	7.2	15.6	(8.4)	(53.8%)
Bingo Operations	0.0	8.9	(8.9)	(100.0%)
Rental	3.2	8.8	(5.6)	(63.6%)
Other revenue	0.7	3.1	(2.4)	(77.4%)
	78.6	170.7	(92.1)	(54.0%)
Operating cost and expenses	(325.4)	(373.9)	48.5	(13.0%)
Operating loss	(246.8)	(203.2)	(43.6)	21.5%
Other income (expenses)				
Interest expense	(84.0)	(77.2)	(6.8)	8.8%
Interest income	0.3	0.1	0.2	200.0%
Miscellaneous income (expenses)	0.2	0.5	(0.3)	(60.0%)
	(83.5)	(76.6)	(6.9)	9.0%
Loss before income Tax	(330.3)	(279.8)	(50.5)	18.0%
Provision for income tax	(0.0)	(0.0)	-0-	0.0%
Net loss	(330.3)	(279.8)	(50.5)	18.0%
Other comprehensive income				
Actuarial Gains on retirement liability	0.5	0.5	-0-	0.0%
Total comprehensive loss	(329.8)	(279.3)	(50.5)	18.1%
Basic/diluted loss per share	(0.10)	(0.09)	(0.01)	11.1%

Comparison of Operating Results for the Six Months Ended June 30, 2021 and 2020

Revenue and Operating Costs and Expenses

Revenue includes 40% share in gaming operations, revenue from operations of hotel, food and beverages, bingo operations, rental and other revenue. Total revenue for the six months ended June 30, 2021 and 2020 amounted to ₱78.6 million and ₱170.7 million, respectively.

The significant accounts that contributed to the decrease are as follows:

- Revenue share in gaming operations decreased by ₱72.6 million or 61% from ₱119 million in 2020 to ₱46.4 million in 2021. The decrease is the result of lower operating gaming tables and electronic gaming machines (slot machines) to comply with social distancing policy. Last January 1 to March 14, 2020 the gaming area is operating at full capacity.

  In addition, average monthly foot traffic in the property decreased from .07 million in 2020 to 0.02 million in 2021.

- Revenue from food and beverage decreased by ₱8.4 million or 53.8% from ₱15.6 million in 2020 to ₱7.2 million in 2021. The decrease is attributable reduced operations of the Group due to imposed community quarantine that resulted to cancelled events held in the hotel and reduced gaming headcount in casino leading to decline in sales of beverages availed by casino players.

- Revenue from hotel rooms increased by ₱5.8 million or 37.9% from ₱15.3 million in 2020 to ₱21.1 million in 2021. The increase is attributable to bookings from the returning overseas Filipinos and off-signers crew of shipping companies as a quarantine facility. The room occupancy rate decline from 74% in 2020 to 56% in 2021. Of the 128 rooms available on average each day, average occupied paying rooms per day is 95 rooms in 2020, which is lower than the 77 rooms in 2021. The increase hotel rooms revenue is due to higher average room rate for 2021.

- Revenue from bingo operations decreased from ₱8.9 million in 2020 to nil in 2021. The bingo operations have only operated until March 13, 2020 and did not resume to operate up to date.

- Revenue from rental decreased by ₱5.6 million or 63.6% from ₱8.8 million in 2020 to ₱3.2 million in 2021. The decrease is due to waiver of rent to its concessionaires in the midst of the pandemic. In addition, four rental contracts have been terminated.

- Other revenue decreased by ₱2.4 million or 77.4% from ₱3.1 million in 2020 to ₱0.7 million in 2021. This is mainly attributable to decrease in consumption of utilities by the Group's concessionaires since only two have resumed and continued to operate since June 2020.

Total operating costs and expenses for the six months ended June 30, 2021 and 2020 amounted to ₱325.4 million and ₱373.9 million, respectively. The significant decrease in the total operating costs and expenses is due to lower depreciation, salaries and wages, gaming fees, contracted services, cost of hotel room and supplies, advertising and marketing, professional fees, banquet, entertainment, cost of food, beverage and tobacco and other operational expenses which is partially offset by the increase in taxes and licenses.

The significant accounts that contributed to the decrease are as follows:

- Depreciation and amortization decreased by ₱16.3 million or 11% from ₱142.6 million in 2020 to ₱126.3 million in 2021. This is due to several equipment becoming fully depreciated during the year and fully amortization of prepayments.

- Salaries and wages expense decreased by ₱7.8 million or 22% from ₱36.0 million in 2020 to ₱28.2 million in 2021. This is attributable to reduced worked days due to limited allowable capacity to operate for the period.

- Utilities decreased by ₱3.3 million or 10% from ₱31.9 million in 2020 to ₱28.6 million in 2021. The decrease is attributable to reduced gaming capacity, lower occupancy and decreased consumption of utilities from concessionaires since only two have reopened and continued to operate in this quarter.

- Taxes and licenses increased by ₱9.6 million or 47% from ₱20.4 million in 2020 to ₱30 million in 2021. The increase corresponds with the higher property taxes for the year.

- Repairs and maintenance expense decreased by ₱1.5 million or 7% from ₱21.9 million in 2020 to ₱20.4 million in 2021. The decrease is due to reduced usage of air-conditioned facilities and reduced preventive maintenance to generator sets since the operation limited only the allowable capacity for the first half of the year.

- Contracted services significantly decreased by ₱4.0 million or 18% from ₱22.5 million in 2020 to ₱18.5 million in 2021. This is mainly due to the decreased in contracted manpower services in the hotel and casino with reduced worked days and with limited capacity of operations for the period.

- Security services expense decreased by ₱0.7 million or 5% from ₱14.4 million in 2020 to ₱13.7 million in 2021. Hotel and casino operations resumed but with limited capacity which resulted to decrease in required number of security services.

- Advertising and marketing decreased by ₱2.7 million or 25% from ₱10.7 million in 2020 to ₱8 million in 2021. Marketing efforts to advertise the hotel were reduced since the Department of Tourism (DOT) prohibited the leisure operations of hotel. Advertisements for gaming operations of the casino have also not been allowed by PAGCOR.

- Food, beverage and tobacco decreased by ₱3.1 million or 35% from ₱8.9 million in 2020 to ₱5.8 million in 2021. This is attributable to the decrease in number of guests and players for its hotel and casino since concerts, banquets and other hotel events have been cancelled throughout
  the quarter. The consumption of tobacco also decreased due to smoking prohibition inside the venue of casino.

- Hotel room and supplies decreased by ₱2.8 million or 41% from ₱6.9 million in 2020 to ₱4.1 million in 2021. The hotel ceased to accept leisure bookings as imposed by the DOT, due to that, the hotel currently serves as a quarantine facility for returning OFWs under the provision of OWWA. These quarantine restrictions brought significant decrease in hotel guests, resulting in proportionate declined of laundry and cleaning expenses.
- Professional fees decreased by ₱1.4 million or 29% from ₱4.8 million in 2020 to ₱3.4 million in 2021. This is mainly due to the decrease in retainer's fees, consultancy fees and

accounting fees rendered to the Group during the time of COVID 19 pandemic since operations were limited to allowable capacity.

- Gaming fees decreased by ₱5.9 million or 98% from ₱6.6 million in 2020 to ₱0.1 million in 2021. The decrease is mainly due to the temporary suspension of the bingo operations last March 13, 2020 up to date.

- Banquet expenses decreased by ₱4 million or 100% from ₱4 million in 2020 to ₱nil in 2021. Banquet events have not resumed up to date due to government restrictions in gathering.

- Entertainment expenses decreased by ₱2.7 million or 100% from ₱2.7 million in 2020 to ₱nil in 2021. Performances for hotel guests and casino players were cancelled due to restrictions in large gatherings as imposed by the national government from April 2020 up to date.

- Other expenses decreased by ₱1.3 million or 3% from ₱39.6 million in 2020 to ₱38.3 million in 2021. The decrease is due to the decrease in operating and administrative related activities of the Group which resulted to decline in incurrence of miscellaneous expenses.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the three months ended June 30, 2021 and 2020:

	For the Three months Ended			
	June 30, 2021	June 30, 2020	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱9.7	₱2.1	7.6	361.9%
Hotel	14.6	0.2	14.4	7200.0%
Food and Beverage	4.5	0.04	4.5	11250.0%
Bingo Operations	0.0	0.0	0	0.0%
Rental	1.5	1.0	0.5	50.0%
Other revenue	0.2	0.4	(0.2)	(50.0%)
	30.5	3.7	26.8	724.3%
Operating cost and expenses	(161.1)	(150.8)	(10.3)	6.8%
Operating loss	(130.6)	(147.1)	16.5	(11.2%)
Other income (expenses)				
Interest expense	(42.6)	(38.0)	(4.6)	12.1%
Interest income	0.2	0.06	0.14	233.3%
Miscellaneous income (expenses)	0.03	(0.2)	0.23	(115.0%)
	(42.3)	(38.1)	(4.2)	11.0%
Loss before income Tax	(172.9)	(185.2)	12.3	(6.6%)
Provision for income tax	(0.0)	(0.01)	0.01	(100.0%)
Net loss	(172.9)	(185.2)	12.3	(6.6%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.2	0.2	0	0.0%
Total comprehensive loss	(172.7)	(185.0)	12.3	(6.6%)
Basic/diluted loss per share	(0.05)	(0.06)	0.01	(16.7%)

Comparison of Operating Results for the Three Months Ended June 30, 2021 and 2020

Revenue and Operating Costs and Expenses

Revenue includes 40% share in gaming operations, revenue from operations of hotel, food and beverages, bingo operations, rental and other revenue. Total revenue for the three months ended June 30, 2021 and 2020 amounted to ₱30.5 million and ₱3.7 million, respectively.

The significant accounts that contributed to the increase are as follows:

- Revenue share in gaming operations increased by ₱7.6 million or 361.9% from ₱2.1 million in 2020 to ₱9.7 million in 2021. The increase is the result of higher operational days for second quarter of 2021 comparing to same period last year. Number of operational days for second quarter of 2021 is 61 days comparing to 15 days same period last year.

  In addition, average monthly foot traffic in the property increased from 3 thousand in 2020 to 13 thousand in 2021.

- Revenue from food and beverage increased by ₱4.5 million from ₱0.04 million in 2020 to ₱4.5 million in 2021. The increase is attributable to the increase in foot traffic due to the higher hotel guests and casino players for the period comparing to same period last year.

- Revenue from hotel rooms increased by ₱14.4 million from ₱0.2 million in 2020 to ₱14.6 million in 2021. The increase is attributable to re-opening of hotel operations to bookings from the returning overseas Filipinos and off-signers crew of shipping companies as a quarantine facility. Accordingly, the room occupancy rate increased from 0.6% in 2020 to 72% in 2021. Of the 128 rooms available on average each day, average occupied paying rooms per day is 92 rooms in 2021, which is lower than the 1 room in 2020.

- Revenue from bingo operations have only operated until March 13, 2020 and did not resume to operate up to date.

- Revenue from rental increased by ₱0.5 million or 50% from ₱1.0 million in 2020 to ₱1.5 million in 2021. The increase is due to the waiver of rent of the other two concessionaires have expired and the additional of one lease contract for the three months ended.

- Other revenue decreased by ₱0.2 million or 50% from ₱0.4 million in 2020 to ₱0.2 million in 2021. This is mainly attributable to decrease in consumption of utilities by the Group's concessionaires since only two have resumed and continued to operate since June 2020.

Total operating costs and expenses for the three months ended June 30, 2021 and 2020 amounted to ₱161.0 million and ₱150.8 million, respectively. The significant increase in the total operating costs and expenses is due to higher depreciation, salaries and wages, gaming fees, contracted services, cost of hotel room and supplies, advertising and marketing, professional fees, banquet, entertainment, cost of food, beverage and tobacco and other operational expenses which is partially offset by the increase in taxes and licenses.

The significant accounts that contributed to the increase are as follows:

- Depreciation and amortization decreased by ₱8.0 million or 11% from ₱70.1 million in 2020 to ₱62.1 million in 2021. This is due to several equipment becoming fully depreciated during the year and fully amortization of prepayments.

- Salaries and wages expense decreased by ₱0.4 million or 3% from ₱14.0 million in 2020 to ₱13.6 million in 2021. This is attributable to reduced worked days due to limited allowable capacity to operate for the three months' period ended.

- Utilities increased by ₱3.2 million or 31% from ₱10.4 million in 2020 to ₱13.6 million in 2021. The increase is attributable to higher gaming capacity and hotel occupancy rate.

- Taxes and licenses increased by ₱4.2 million or 40% from ₱10.4 million in 2020 to ₱14.6 million in 2021. The increase corresponds with the higher property taxes for the year.

- Repairs and maintenance expense increased by ₱0.4 million or 4% from ₱10 million in 2020 to ₱10.4 million in 2021. The increase is primarily due to reupholster of slot chairs during this period.

- Contracted services significantly increased by ₱5.8 million or 141% from ₱4.1 million in 2020 to ₱9.9 million in 2021. This is mainly due to additional contracted manpower services in the hotel and casino as it resumes its operation on May 01, 2021 after the temporarily suspension of casino gaming operations due to community lockdown on March 29, 2021 until April 30, 2021.

- Security services expense increased by ₱2.6 million or 52% from ₱5.0 million in 2020 to ₱7.6 million in 2021. Hotel and casino operations resumed but with limited capacity which resulted to increase in required number of security services.

- Advertising and marketing increased by ₱1 million or 28% from ₱3.6 million in 2020 to ₱4.6 million in 2021. The increase is due higher complimentary food and beverages to players as the foot traffic continues to increase for the period ended.

- Food, beverage and tobacco increased by ₱0.3 million or 30% from ₱1 million in 2020 to ₱1.3 million in 2021. This is attributable to the increase in number of guests and players as the hotel and gaming operations have resumed but with limited capacity.

- Hotel room and supplies decreased by ₱0.2 million or 11% from ₱1.8 million in 2020 to ₱1.6 million in 2021. The hotel ceased to accept leisure bookings as imposed by the DOT, due to that, the hotel currently serves as a quarantine facility for returning OFWs under the provision of OWWA. These quarantine restrictions brought significant decrease in hotel guests, resulting in proportionate declined of laundry and cleaning expenses.

- Professional fees decreased by ₱0.3 million or 14% from ₱2.2 million in 2020 to ₱1.9 million in 2021. This is mainly due to the decrease in retainer's fees, consultancy fees and accounting fees rendered to the Group during the time of COVID 19 pandemic since operations were limited to allowable capacity.

- Gaming fees decreased by ₱0.59million or 98% from ₱0.6 million in 2020 to ₱0.01 million in 2021. The decrease is mainly due to the temporary suspension of the bingo operations last March 13, 2020 up to date.

- Other expenses increased by ₱2.4 million or 14% from ₱17.2 million in 2020 to ₱19.6 million in 2021. The increase is due to the higher operating and administrative related activities of the Group which resulted to incline in incurrence of miscellaneous expenses.

Analysis of Statements of Financial Position

	For the Period Ended			
	June 30, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso			
Assets				
Cash and cash equivalents	₱13.2	₱21.0	(7.8)	(37.1%)
Receivables	204.5	204.1	0.4	0.2%
Inventories	17.2	20.2	(3.0)	(14.9%)
Current portion of input value added ta›	16.4	10.9	5.5	50.5%
Prepayments and other current assets	54.1	114.1	(60.0)	(52.6%)
Property and equipment	3,667.7	3,766.1	(98.4)	(2.6%)
Investment Property	729.7	744.6	(14.9)	(2.0%)
Input VAT- net of current portion	446.6	440.8	5.8	1.3%
Other noncurrent asset	300.0	344.1	(44.1)	(12.8%)
Total Assets	₱5,449.4	₱5,665.9	(216.50)	(3.8%)
Liabilities				
Accounts payable and other current liabilities	₱672.6	₱607.6	65.0	10.7%
Retention payable	4.1	7.9	(3.8)	(48.1%)
Interest payable	51.6	40.2	11.4	28.4%
Advances from Stockholders	475.7	436.3	39.4	9.0%
Loans payable	2,293.1	2,292.8	0.3	0.0%
Deposit for future subscription	2,426.5	2,426.5	0.0	0.0%
Other noncurrent liabilities	38.5	37.5	1.0	2.7%
Total Liabilities	5,962.1	5,848.8	113.30	1.9%
Capital stock	3,174.4	3,174.4	0.00	0.0%
Deficit	(3,695.6)	(3,365.3)	(330.3)	9.8%
Actual gains on retirement liability	8.5	8	0.5	6.3%
Total Equity	(512.7)	(182.9)	(329.8)	180.3%
Total Liabilities and Equity	₱5,449.4	₱5,665.9	(216.50)	(3.8%)

Discussion on some Significant Change in Financial Condition as of June 30, 2021 and December 31, 2020

Total assets amounting to ₱5,449.4 million as of June 30, 2021 decreased by ₱216.50 million or 3.8% from ₱5,665.9 million in December 31,2020.

1. For the period ended June 30, 2021, cash and cash equivalence decreased by ₱7.8 million or 37.1%, from ₱21.0 million in 2020 to ₱13.2 million in 2021 due to the following:

   a) The negative cash flows used in operating activities amounting to ₱73 million resulted from the difference in operating loss generated amounting to ₱120 million and changes in the working capital amounting to ₱47 million. The significant decrease in operating income is due to the limited accommodation on food and beverage, and hotel operations, waiver of rental receivables, reduced table games and slot machine operation and suspension of banquet events.

   b) Net cash flows from investing activities amounting to ₱31.1 million is due to the acquisition of building improvements, machineries and non-gaming equipment amounting to ₱12.5 million during the year and the decrease in other noncurrent asset amounting to ₱43.6 million.

   c) Net cash flows used in financing activities amounted to ₱33.8 million for the current year. The Group made payment amounting to ₱72.3 million for interest and other financing charges. On the other hand, the Group received proceeds from advances to stockholders amounting to ₱39.4 million and decrease of restricted cash amounting to ₱ 66.7 million to pay for its maturing interest on loan.

2. The receivable increased by ₱0.4 million or 0.2% from ₱204.1 million in 2020 to ₱204.5 million in 2021. The increase is due to receivable arising from the finance lease additional gaming equipment and the quarantine in house guests from corporate accounts.

3. The decrease in inventories of ₱3 million or 15% from ₱20.2 million in 2020 to ₱17.2 million in 2021 is mainly due to reduced hotel and casino operations. The demand for food and beverages declined in relation to its limited capacity to operate when it resumed it operations in June 2020 up to date. The decline in purchases have increased for the period due to lighter restrictions. Also, the Group did not acquired new playing cards and consumed ₱2 million from its available sets.

4. The increase in input VAT amounting to ₱5.8 million is the result of the current period services rendered to the Company.

5. Prepayments and other current assets decreased by ₱60.0 million or 52.6% from ₱114.2 million in 2020 to ₱54.1 million in 2021. The significant decrease is mainly due to payments of loan interest from its debt service reserve account amounting to ₱66.7 million.

6. The decrease in other noncurrent assets of ₱44.1 million or 12.8% from ₱344.1 million in 2020 to ₱300.0 million in 2021 is mainly due to reclassification of lease receivable to current asset due to amortization.

7. The accounts payable and other current liabilities increased by ₱65.0 million or 10.7% from ₱607.6 million in 2020 to ₱672.6 million in 2021. The Group's accruals have significantly

increased due to accrual of real property taxes, software maintenance, advertising, service fees and other unpaid billings from various contractor and suppliers.

8. Interest payable increased by ₱11.4 million or 28.4% from ₱40.2 million in 2020 to ₱51.6 million in 2021. The increase is due to the unpaid monthly interest on its outstanding loans payable in 2020.

9. The increase in current portion of loans payable by ₱106.1 million or 76.8% from ₱138.0 million in 2020 to ₱244.1 million in 2021 is attributable to the Group's non payment of loan principal. In light of COVID 19 outbreak, the Group was granted the deferrment of the quarterly principal payments until July 27, 2021 as well as its quarterly interest payment to monthly interest payment from June 2020 to February 2021.

10. Advances from stockholders increased by ₱39.4 million or 9% from ₱436.3 million in 2020 to ₱475.7 million in 2021 due to new loan agreements entered by the Parent Company with its stockholders. The proceeds of these loans were used to pay the maturing loan obligation and to support its working capital requirements.

Key Performance Indicators

The following are the comparative key performance indicators of the Corporation and the manner of its computation for the three months and six months ended June 30, 2021 and 2020:

Indicators	Manner of Computation	For the three months ended June 30		For the six months ended June 30	
		2021	**2020**	**2021**	**2020**
Current ratio	Current Assets / Current Liabilities	**0.31:1**	**0.69:1**	**0.31:1**	**0.69:1**
Debt-to-Equity Ratio	Total Liabilities / Total Equities	**1.85:1**	**1.32:1**	**1.85:1**	**1.32:1**
Asset Liability Ratio	Total Assets / Total Liabilities	**0.91:1**	**1.02:1**	**0.91:1**	**1.02:1**
Return on Assets	Net Income (Loss) / Total Assets	**(3%)**	**(3%)**	**(6%)**	**(5%)**
Basic Earnings (losses per share)	Net Income (Loss) / Outstanding Common Shares	**(₱0.05)**	**(₱0.06)**	**(₱0.10)**	**(₱0.09)**

Current ratio is regarded as a measure of the Group's liquidity or its ability to meet maturing obligations. For the six months ended June 30, 2021, the current ratio is 0.31:1 compared to 0.69:1 of the prior year. The Group has ₱0.31 current assets to support every ₱1.00 of their current liabilities, which means that the Group's current assets are insufficient to meet its current liabilities.

The debt to equity ratio measures the riskiness of the Group's capital structure in terms of relationship between funds supplied to creditors (debt) and investors (equity). For the six months ended June 30, 2021, the debt to equity ratio has increased by 0.53 from 1.32 in 2020 to 1.85 in 2021.

The asset-liability ratio, exhibits the relationship of the total assets of the Group with its total liabilities. For the six months ended June 30, 2021, the asset-liability ratio is 0.91:1 from 1.02:1 as of that of June 30, 2020. The ratio indicates that the Group has ₱.91 of assets to satisfy every ₱1.00 of liability to creditors/suppliers through asset facilitation. Moreover, the effect of high assets to liabilities ratio indicates that the Group can still take additional financing through credit arrangements with banks and financial institutions.

Return on assets allowed the Group to see how much income (loss) generates per peso asset. For the six months ended June 30, 2021 and 2020, the return on asset is negative 6% and 5% respectively and for the quarter ended June 30, 2021 and 2020, the return on asset is both negative 3%.

For the six months ended June 30, 2021, the Group's loss per share amounts to (₱0.10) from (₱0.09) that of prior year. For the quarter ended June 30, 2021, the Group's loss per share amounts to (₱0.05) from (₱0.06) that of prior year.

Significant Disclosures

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on liquidity.

There are no events that will trigger contingent financial obligation.

There are substantial commitments worth on capital expenditures.

There are no material-off balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no known trends, events, or uncertainties which are reasonably expected to have a favorable or unfavorable impact from continuing operations.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

The Company is not aware of any seasonal aspects or known events or uncertainties which will have a material effect on the sales and overall financial condition or results of operations of the Company.

VI. BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Description of Business

1) Business Development

a) The Corporation is a publicly listed company that was incorporated with the Philippine Securities and Exchange Commission ("SEC") on 15 July 1995 as Palawan Consolidated Mining Company Inc. On 12 February 1997, the SEC approved the change in corporate name from Palawan Consolidated Mining Company Inc. to EBECOM Holdings, Inc. On 25 September 2003, the SEC approved another change in corporate name to ARIES Prime Resources Inc. On 15 October 2009, the corporate name was further changed to MJC Investments Corporation ("MJIC") [PSE: MJIC].

   On 15 August 2012, SEC approved the increase in the authorized capital stock of the Corporation from Four Hundred Million Pesos (P400,000,000.00) to One Billion Five Million

Pesos (P1,500,000,000.00) and the corresponding amendment to the Corporation's Articles of Incorporation as evidenced by the Certificate of Filing of Amended Articles of Incorporation (Amending Article VII thereof) and the Certificate of Approval of Increase of Capital Stock dated 15 August 2012 issued by the SEC on even date.

The increase in authorized capital stock was needed to accommodate the entry of new investors and new capital needed by the Corporation to build its first tourism project, i.e., a hotel, entertainment and tourism hub (the "Hotel Project"), to be located in San Lazaro Tourism and Business Park ("SLTBP") in Santa Cruz, Manila. Thus, on 24 October 2012, the Board of Directors of the Corporation authorized the Corporation to proceed to negotiate and accept new investments.

On 17 January 2013, the Board of Directors of the Corporation accepted the offer of a group of Hong Kong investors headed by Mr. Teik Seng Cheah, through their Philippine corporations, to subscribe to 450,000,000 shares of the Corporation's common shares with a lock-up period of two (2) years. Mr. Teik Seng Cheah is a Hong Kong-based investment banker and sits in the Board of various private equity companies in Hong Kong, China and Malaysia.

On 10 August 2015, the SEC approved the change of name of the Corporation to MJC Investments Corporation doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino.

The total consideration for the subscription to 450,000,000 common shares of the Corporation is P450,000,000.00. The Investors paid the whole amount of their respective subscriptions in cash totaling to P450,000,000.00 upon the execution of their respective Subscription Agreements.

On 26 June 2013, during the annual stockholders meeting where 94% of the outstanding capital stock were present and/or represented by proxy, the stockholders (including the majority of the minority stockholders) unanimously approved the following:

1. Equity infusion by way of subscription to 450,000,000 primary shares of the Corporation by the group of investors headed by Mr. Teik Seng Cheah (Please note that this refers to the subscription made by the Strategic investors on 17 January 2013);

2. Additional equity infusion by way of subscription to primary shares by the group of investors headed by Mr. Teik Seng Cheah and other interested stockholders and related parties should the need arises under the Corporation's capital build-up program to have additional funds for the completion of the hotel and entertainment project at the SLTBP.

On 11 July 2013, the Board of Directors of the Corporation accepted the offer of the same group of Strategic Investors headed by Mr. Teik Seng Cheah, through their Philippine corporations, to subscribe to additional 875,000,000 shares of the Corporation's common shares with a lock-up period of two (2) years. The total consideration for the subscription to 875,000,000 common shares of the Corporation is P875,000,000.00.

The subscriptions to the 875,000,000 shares were made by the Strategic Investors on 3 October 2015. Additional subscription from non-related parties of 189,513,013 common shares was also made on the same day. All subscriptions made on this day were paid in cash.

None of the existing directors and controlling shareholders, and none of the officers or directors of the existing controlling corporate shareholders invested in the aforesaid 875,000,000 shares issued to the group led by Mr. Teik Seng Cheah.

On 23 September 2013, the SEC approved the Corporation's increase in authorized capital stock from One Billion Five Hundred Million Pesos (P1,500,000,000.00) to Five Billion Pesos (P5,000,000,000.00) and the corresponding amendment to the Corporation's Articles of Incorporation as evidenced by the Certificate of Filing of Amended Articles of Incorporation (Amending Article VII thereof) and the Certificate of Approval of Increase of Capital Stock dated 23 September 2013 issued by the SEC on even date.

On 14 January 2015, the group of Strategic Investors subscribed to additional 673,791,662 common shares. All subscriptions made on this day were paid in cash.

As of 31 December 2015, the Corporation has an outstanding capital stock of P3,174,405,821 out of the P5 billion authorized capital stock. The Manila Jockey Club, Inc. is the single biggest investor of the Corporation owning 22.31% of the shares of stock.

The Corporation has utilized the equity infusion by its stockholders for the construction of the Winford Hotel and Casino on a 0.75-hectare property in Sta. Cruz, Manila. The complex has a 21-storey hotel tower and an entertainment center consisting of 5,000 square meters with parking spaces for 900 cars. The hotel will have 128 world class internationally-designed rooms with a grand ballroom, swimming pool and roof deck with helipad. The formal inauguration of the complex will be on April 21, 2017

The registered office address of the Company is Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila.

b) The Corporation is not involved in any bankruptcy, receivership or similar proceedings.

c) No material reclassifications, merger, consolidation, or purchase or sale of significant amount of assets not in the ordinary course of business occurred during the calendar year ending December 31, 2019.

2) Business of Issuer

As provided for in its Amended Articles of Incorporation, the Corporation is formed primarily "to acquire by purchase, lease, or otherwise, lands or interest in lands and realty, and to own, hold, improve, develop said land or lands or real estate so acquired, and to build or cause to be built on any lands owned, held, occupied, or acquired, buildings, facilities, and other structures with their appurtenances, for residential, commercial, mixed-use, leisure, gaming, amusement, and entertainment purposes, and to rebuild, enlarge, alter, improve, or remodel any building or other structures now or hereafter erected on any lands or real estate so owned, held, or occupied, and to manage and operate, or otherwise dispose of any lands or real estate or interests in lands or real estates and in buildings and other structures at anytime owned or held by the corporation."

ITEM 2. PROPERTIES

The Company acquired from Manila Jockey Club, Inc. a 7,510 square meters lot in Sta. Cruz, Manila where the Hotel and Entertainment Complex was constructed. On 6 January 2016, the company held the ceremonial opening of the ground floor gaming and entertainment of Winford Hotel located within the San Lazaro Tourism and Business Park in Sta. Cruz Manila. On 21 April 2017, the Company held the grand opening of the Winford Hotel and Casino, a five-star hotel with casino in the heart of Metro Manila in Greater Chinatown. The hotel consists of 128 internationally designed deluxe hotel rooms with a grand ballroom, swimming pool, gym and spa, coffee shop and dining area, retail outlets and a seven-level parking structure, among other amenities and services.

ITEM 3. LEGAL PROCEEDINGS

There are no legal proceedings involving the Corporation.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for the matters taken up during the last annual meeting of the stockholders covered by the Corporation's Information Statement, no matter was submitted to a vote of security holders through solicitation of proxies or otherwise during the calendar year covered by this report.

VII. COMPANY'S DIRECTORS AND EXECUTIVE OFFICERS

Please refer to the Information Statement for the discussion of the identity of each of the Company's Board of Directors and Executive Officers including their principal occupation or employment, name and principal business of any organization by which such persons are employed.

VIII. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCHOLDER MATTERS

1. Market Information

MJIC common shares are listed in the Philippine Stock Exchange (PSE). The high and low market prices of MJIC shares for each quarter of the past two calendar years, as reported by the PSE, are shown below:

Quarter Period	CY 2021		CY 2020		CY 2019	
	High	**Low**	**High**	**Low**	**High**	**Low**
1st Quarter	2.45	1.74	2.56	2.56	3.39	2.57
2nd Quarter	1.88	1.41	2.10	1.48	3.39	2.72
3rd Quarter	2.28	1.31	2.79	1.68	2.89	2.61
4th Quarter	-	-	2.00	1.73	2.60	2.60

Source: Philippine Stock Exchange, Inc.

As of the latest practicable trading date, **October 5, 2021**, the closing price of the Corporation's common shares in the PSE is at **PhP 1.28** per share.

2. Holders

As of **September 30, 2021**, there are approximately **433** holders of the common shares of the Corporation. The Corporation has no other class of shares.

The list of the top twenty (20) stockholders of the Corporation as recorded by Stock Transfer Service Inc. (STSI), the Corporation's stock transfer agent, is as follows:

Top Twenty (20) Stockholders
As of September 30, 2021

	Name	No. of Shares	% of Shareholdings
1.	PCD NOMINEE CORPORATION (Filipino)	2,284,190,395	71.96%
2.	ONE WISTERIA LOOP HOLDINGS, INC.	63,892,500	2.01%
3.	ORCHARDSTAR HOLDINGS, INC..	61,285,000	1.93%
4.	MULBERRY ORCHID HOLDINGS INC.	61,285,000	1.93%
5.	FLYING HERON HOLDINGS, INC.	61,285,000	1.93%
6.	BELLTOWER LAKES HOLDINGS, INC.	61,285,000	1.93%
7.	BRANFORD RIDGE HOLDINGS, INC.	61,285,000	1.93%
8.	CHERRYGROVE HOLDINGS, INC.	61,285,000	1.93%
9.	EAST BONHAM HOLDINGS, INC.	61,285,000	1.93%
10.	PURPLE CASSADY HOLDINGS INC.	61,285,000	1.93%
11.	SAVILE ROW HOLDINGS INC.	53,471,250	1.68%
12.	BELGRAVE SQUARE HOLDINGS INC.	53,471,250	1.68%
13.	EVERDEEN SANDS HOLDINGS INC.	53,471,250	1.68%
14.	FAIRBROOKS HOLDINGS INC.	53,471,250	1.68%
15.	MONTBRECIA PLACE HOLDINGS INC.	53,471,250	1.68%
16.	PEPPERBERRY VISTA HOLDINGS INC.	53,471,250	1.68%
17.	ALFONSO R. REYNO, JR.	12,137,704	0.38%
18.	PCD NOMINEE CORPORATION (Non-Filipino)	1,020,173	0.03%
19.	PALOS VERDES REALTY CORP.	446,300	0.01%
20.	TAN, JALANE CHRISTIE	215,698	0.01%
	TOTAL	**3,173,010,270**	**99.95%**

3. Dividends

No cash dividends were declared for the three (3) most recent fiscal years. The lack of sufficient retained earnings limits the ability of the Corporation to declare and pay dividends.

4. Recent Sales of Unregistered Securities

There are no other securities sold by the Corporation within the past three (3) years which were not registered under the Securities Regulation Code (SRC).

IX. CORPORATE GOVERNANCE

(a) Evaluation System to Measure Compliance with Revised Manual of Corporate Governance

The Company evaluates compliance with the Code of Corporate Governance for Publicly-Listed Companies ("**CG Code**") using the Integrated Annual Corporate Governance Report ("**I-ACGR**").

(b) *Measures Being Undertaken to Fully Comply with Leading Practices on Good Corporate Governance*

The Company exerts its best efforts to comply with the provisions of the CG Code and its Revised Manual on Corporate Governance (the "Manual"). The directors and key officers of the Company attend the Corporate Governance Seminar mandated by the SEC.

(c) *Deviation from the Corporation's Manual of Corporate Governance*

There has been no known deviation from the Company's Revised Manual on Corporate Governance.

(d) *Plan to Improve Corporate Governance*

The Company shall continue to exert its best efforts to comply with the provisions embodied in the CG Code and its Manual. It shall also endeavor to address the recommendations of the I-ACGR said Manual.

THE ANNUAL REPORT FOR YEAR ENDED 31 DECEMBER 2020 (SEC FORM 17-A) AND THE QUARTERLY REPORT FOR THE FIRST AND SECOND QUARTERS OF 2020 (SEC FORM 17-Q) ARE AVAILABLE AT THE COMPANY'S WEBSITE (WWW.MJCINVESTMENTSCORP.COM) OR UPON THE WRITTEN REQUEST OF THE STOCKHOLDERS ADDRESSED TO THE *OFFICE OF THE CORPORATE SECRETARY* OF MJC INVESTMENTS CORPORATION, AT 12TH FLOOR, STRATA 100 BUILDING, F. ORTIGAS, JR. ROAD, ORTIGAS CENTER, PASIG CITY.

Annex ''A''

Audited Financial Statements
for the period ended December 31, 2020

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
Tue 8/10/2021 11:43 PM
To: financial reporting <financial.reporting@winfordmanila.com>
Cc: Amie Bordallo <Amie.Bordallo@winfordmanila.com>

Hi MJC INVESTMENTS CORPORATION,

Valid files

- EAFS000596509RPTTY122020.pdf
- EAFS000596509ITRTY122020.pdf
- EAFS000596509AFSTY122020.pdf
- EAFS000596509OTHTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-8EHBD68B0ECK9DF9PYR2PR4N07GLKJKB9**
Submission Date/Time: **Aug 10, 2021 11:29 PM**
Company TIN: **000-596-509**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 0 0 0 0 1 0 0 2 0

COMPANY NAME

MJC INVESTMENTS CORPORATION DOING BUSINESS UNDER THE NAME AND STYLE OF WINFORD LEISURE AND ENTERTAINMENT COMPLEX AND WINFORD HOTEL AND CASINO

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

Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
–	(02) 8632-7373	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
433	12/04	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Joemar Onnagan	joemar.onnagan @winfordmanila.com	(02) 8528-3600 (loc. 1132)	(+63) 917-595-5222

CONTACT PERSON's ADDRESS

Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila

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.*

MJC
INVESTMENTS CORP.

Winford Hotel & Casino, MJC Drive, Sta. Cruz, Manila
Tel. No. 528-3600

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **MJC INVESTMENTS CORPORATION** Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary ("the Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, in accordance with Philippine Financial Reporting Standards, 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 Group's ability to continue as 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.

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

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

SyCip, Gorres, Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Alfonso R. Reyno, Jr.
Chairman of the Board and Chief Executive Officer

Jose Alvaro D. Rubio
Treasurer and Chief Financial Officer

SUBSCRIBED AND SWORN to before me AUG 04 2021 day of ________ at PASIG CITY affiants exhibiting to me their Taxpayer Identification Numbers as follows

	TIN Nos.	Date/Place Issued
Alfonso R. Reyno, Jr.	TIN: 114-555-166	Manila, Philippines
Jose Alvaro D. Rubio	TIN: 109-945-552	Manila, Philippines

Doc. No. 81;
Page No. 18;
Book No. IX;
Series of 2021.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 88 (2020-2021)
DECEMBER 31, 2021
PTR NO. 6440484/1-7-2020/PASIG
IBP NO. 105410/1-7-2020/MAKATI
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY NO. 57018

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure
And Entertainment Complex and Winford Hotel and Casino
Winford Hotel and Casino, MJC Drive,
Sta. Cruz, Manila

Opinion

We have audited the parent company financial statements of MJC INVESTMENTS CORPORATION [Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino] (the Company), which comprise the parent company statements of financial position as at December 31, 2020 and 2019, and the parent company statements of income, 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 December 31 2020, 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 parent company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then 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 Parent Company Financial Statements* section of our report. We are independent of the parent 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the parent company financial statements, which indicates that the parent company has incurred continuing losses of ₱567.2 million and ₱752.3 million in 2020 and 2019, respectively, resulting to a capital deficiency of ₱183.4 million as at December 31, 2020. The COVID-19 outbreak and the measures taken have continually caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. Consequently, the parent company's casino and hotel operations have also been disrupted, resulting to limited operations, until such time that the quarantine period is lifted. Furthermore, the parent company's current liabilities exceeded its current assets by ₱423.8 million and ₱252.8 million as at December 31, 2020 and 2019, respectively. As stated in Note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 parent 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 parent company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the parent 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 parent 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 parent 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 parent 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 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 15-2010 in Note 29 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 MJC INVESTMENTS CORPORATION [Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino]. The information has been subjected to the auditing procedures applied in our audit of the parent financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the parent financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Jaime F. del Rosario.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
SEC Accreditation No. 0076-AR-5 (Group A),
April 30, 2019, valid until April 29, 2022
Tax Identification No. 102-096-009
BIR Accreditation No. 08-001998-072-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534239, January 4, 2021, Makati City

August 4, 2021

MJC INVESTMENTS CORPORATION

Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Note 6)	**₱21,049,381**	₱41,071,743
Receivables (Note 7)	**204,082,822**	217,300,536
Inventories (Note 8)	**20,206,354**	25,161,248
Input value-added tax (VAT) - current (Note 9)	**10,927,769**	16,777,994
Other current assets (Note 10)	**114,073,654**	175,395,726
Total Current Assets	**370,339,980**	475,707,247
Noncurrent Assets		
Property and equipment (Note 11)	**3,766,120,571**	4,002,086,816
Investment properties (Note 12)	**744,573,541**	774,356,482
Input VAT - net of current portion (Note 9)	**440,789,218**	418,620,752
Other noncurrent assets (Note 13)	**343,958,008**	404,128,905
Total Noncurrent Assets	**5,295,441,338**	5,599,192,955
TOTAL ASSETS	**₱5,665,781,318**	₱6,074,900,202
LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		
Current Liabilities		
Accounts payable and other current liabilities (Note 14)	**₱607,945,543**	₱519,226,995
Retention payable (Note 11)	**7,934,014**	8,795,678
Interest payable (Notes 15 and 21)	**40,233,541**	15,216,781
Current portion of loans payable (Note 15)	**138,039,293**	185,287,516
Total Current Liabilities	**794,152,391**	728,526,970
Noncurrent Liabilities		
Advances from stockholders (Note 21)	**436,314,585**	343,581,012
Loans payable - net of current portion (Note 15)	**2,154,743,374**	2,152,350,374
Deposit for future stock subscription (Notes 18 and 21)	**2,426,501,748**	2,426,501,748
Other noncurrent liabilities (Notes 16 and 17)	**37,486,824**	47,900,657
Total Noncurrent Liabilities	**5,055,046,531**	4,970,333,791
Total Liabilities	**5,849,198,922**	5,698,860,761
Equity(Capital Deficiency)		
Capital stock (Note 22)	**3,174,405,821**	3,174,405,821
Deficit	**(3,365,822,992)**	(2,798,653,584)
Actuarial gains on retirement liability (Note 16)	**7,999,567**	287,204
Net Equity (Capital Deficiency)	**(183,417,604)**	376,039,441
TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)	**₱5,665,781,318**	₱6,074,900,202

See accompanying Notes to Parent Company Financial Statements.

MJC INVESTMENTS CORPORATION

Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2020	2019
REVENUE		
Revenue share in gaming operations (Note 17)	**₱152,970,083**	₱494,548,180
Hotel	**24,059,292**	67,402,013
Food and beverage	**19,042,942**	86,018,597
Rental (Note 17)	**12,096,250**	25,057,408
Bingo operations	**8,915,161**	51,497,934
Other revenue	**4,275,109**	17,914,892
	221,358,837	742,439,024
OPERATING COSTS AND EXPENSES (Note 24)	**(664,210,888)**	(1,308,985,191)
OPERATING LOSS	**(442,852,051)**	(566,546,167)
OTHER INCOME (EXPENSES)		
Interest expense and other financing charges (Notes 15, 17 and 21)	**(148,507,290)**	(201,271,813)
Gain on reversal of allowance for ECL (Note 7)	**21,408,535**	–
Interest income (Note 6)	**2,138,149**	293,031
Gain on sale of kitchen and bar equipment (Note 11)	–	13,428,161
Miscellaneous income – net	**669,359**	1,902,282
	(124,291,247)	(185,648,339)
LOSS BEFORE INCOME TAX	**(567,143,298)**	(752,194,506)
PROVISION FOR INCOME TAX (Note 19)	**(26,110)**	(58,557)
NET LOSS	**(567,169,408)**	(752,253,063)
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss in subsequent periods:		
Re-measurement gain (loss) on defined benefit obligation (Note 16)	**7,712,363**	(2,047,307)
TOTAL COMPREHENSIVE LOSS	**(₱559,457,045)**	(₱754,300,370)
Basic/Diluted Loss Per Share (Note 23)	**₱0.179**	₱0.237

See accompanying Notes to Parent Company Financial Statements.

MJC INVESTMENTS CORPORATION

Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Capital Stock (Note 22)	Deficit	Actuarial gains on retirement liability (Note 16)	Total
BALANCES AT DECEMBER 31, 2018	**₱3,174,405,821**	**(₱2,046,400,521)**	**₱2,334,511**	**₱1,130,339,811**
Net loss	–	(752,253,063)	–	(752,253,063)
Other comprehensive loss (Note 16)	–	–	(2,047,307)	(2,047,307)
Total comprehensive loss	–	(752,253,063)	(2,047,307)	(754,300,370)
BALANCES AT DECEMBER 31, 2019	**3,174,405,821**	**(2,798,653,584)**	**287,204**	**376,039,441**
Net loss	–	(567,169,408)	–	(567,169,408)
Other comprehensive income (Note 16)	–	–	7,712,363	7,712,363
Total comprehensive income (loss)	–	(567,169,408)	7,712,363	(559,457,045)
BALANCES AT DECEMBER 31, 2020	**₱3,174,405,821**	**(₱3,365,822,992)**	**₱7,999,567**	**(₱183,417,604)**

See accompanying Notes to Parent Company Financial Statements.

MJC INVESTMENTS CORPORATION

Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱567,143,298)**	(₱752,194,506)
Adjustments for:		
Depreciation and amortization (Notes 11, 12, 13 and 24)	**280,288,947**	430,921,727
Interest expense and other financing charges (Notes 15, 17 and 21)	**148,507,290**	201,271,813
Interest income (Note 6)	**(2,138,149)**	(293,031)
Retirement benefit expense (Notes 16 and 24)	**1,341,597**	3,094,974
Unrealized foreign exchange loss	**84,472**	18,021
Impairment loss on investment in subsidiary (Notes 1 and 24)	**–**	20,000,000
Gain on sale of disposal of kitchen and bar equipment (Note 11)	**–**	(13,428,161)
Operating loss before working capital changes	**(139,059,141)**	(110,609,163)
Decrease (increase) in:		
Receivables	**13,217,714**	102,715,059
Inventories	**4,954,894**	(4,565,279)
Input VAT	**(16,318,241)**	(36,889,977)
Other current assets	**1,613,074**	7,336,079
Increase (decrease) in:		
Accounts payable and other current liabilities	**88,718,548**	(47,480,349)
Retention payable	**(861,664)**	(129,657,747)
Other noncurrent liabilities	**(5,192,120)**	34,164,241
Net cash used in operations	**(52,926,936)**	(184,987,136)
Income taxes paid	**(26,110)**	(58,557)
Interest received (Note 6)	**2,138,149**	293,031
Net cash flows used in operating activities	**(50,814,897)**	(184,752,662)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 11)	**(13,802,781)**	(54,062,528)
Decrease in other noncurrent assets (Note 13)	**59,433,917**	(5,584,876)
Net cash flows provided by (used in) investing activities	**45,631,136**	(59,647,404)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan (Note 15):		
Principal	**(47,100,000)**	(2,800,000,000)
Interest and other financing charges	**(130,067,342)**	(187,818,869)
Decrease (increase) in restricted cash (Notes 10 and 15)	**59,708,998**	(163,271,629)
Proceeds from:		
Advances from stockholders (Note 21)	**102,704,215**	343,581,012
Loans payable (Note 15)	**–**	2,337,337,500
Deposit for future stock subscription (Notes 18 and 21)	**–**	284,300,651
Net cash flows used in financing activities	**(14,754,129)**	(185,871,335)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**(84,472)**	(18,021)
NET DECREASE IN CASH	**(20,022,362)**	(430,289,422)
CASH AT BEGINNING OF YEAR	**41,071,743**	471,361,165
CASH AT END OF YEAR (Note 6)	**₱21,049,381**	₱41,071,743

See accompanying Notes to Parent Company Financial Statements.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

MJC INVESTMENTS CORPORATION [Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino] (the Parent Company) is incorporated in the Philippines. The Parent Company was incorporated on July 15, 1955 as Palawan Consolidated Mining Company, Inc. and was listed in the Philippine Stock Exchange (PSE) on November 11, 1955.

The Parent Company's primary purpose is to acquire by purchase, lease or otherwise, lands or interest in lands and realty, and to own, hold, improve or develop said land or real estate so acquired, and to build or cause to be built on any lands owned, held, occupied or acquired, buildings, facilities, and other structures with their appurtenances, for residential, commercial, mixed-use, leisure, gaming, amusement and entertainment purposes.

The following are the series of changes in corporate name of the Parent Company and their effective dates of change as approved by the Philippine Securities and Exchange Commission (SEC):

Date	Corporate Name
February 12, 1997	Ebecom Holdings, Inc.
September 25, 2003	Aries Prime Resources, Inc.
September 30, 2008	MJCI Investments, Inc.
October 15, 2009	MJC Investments Corporation
June 29, 2015	MJC INVESTMENTS CORPORATION Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino

The registered office address of the Parent Company is Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila.

On March 18, 2010, the Parent Company was granted a permit to operate (PTO) by the Philippine Amusement and Gaming Corporation (PAGCOR) for the establishment, maintenance and operation of a casino, PAGCOR San Lazaro, within the San Lazaro Tourism and Business Park in Sta. Cruz, Manila. The permit shall be for a period of 10 years, commencing on January 6, 2016, the date of actual operation of PAGCOR San Lazaro. On November 25, 2015, PAGCOR extended the term of the PTO to 15 years commencing from the start of commercial operations of PAGCOR San Lazaro (see Note 2).

On April 21, 2016, the Parent Company incorporated its wholly owned subsidiary, Trafalgar Square Leisure Corporation (TSLC), in the Philippines and registered with the Philippine SEC. The authorized and subscribed capital stock of TSLC is ₱20.0 million with a par value of ₱1.00 per share. TSLC's primary purpose is to establish, engage, operate and manage, gaming enterprises, amusement, entertainment and recreation centers, as well as providing services including but not limited to business process outsourcing services to foreign clients, support solutions, such as back office technology support, call or contact center activities, data entry and encoding, data management, general human resource functions, business planning, accounts receivable management, general financial support services, customer support services and customer relationship management, sales support and other industry specific purposes, and to companies and operations, and other clients, and to do any and all things necessary for or conducive to the attainment of such purposes, including, articles of merchandise necessary or desirable in its operations, the provision of professional, consulting and other related services, and the licensing of application, software and other solutions required or related to the above services. The principal place of business of TSLC is at Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila. On May 16, 2016, TSLC was granted the authority by PAGCOR to bring in pre-registered foreign players to play in designated junket gaming areas within PAGCOR San Lazaro On August 1, 2019, the junket agreement between TSLC and PAGCOR expired and was no longer renewed. (see Note 2).

Status of Operations

Gaming Operations
In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed community quarantines. The Office of the President issued several directives for the classification of each of the cities and municipalities in different levels of community quarantine between March 13, 2020 to date.

Philippine Amusement Gaming Corporation (PAGCOR) issued a memorandum dated March 15, 2020 to suspend all gaming operations in Metro Manila. On June 16, 2020, the casino has resumed its operations as approved by PAGCOR at 30% capacity and eight-hour daily operations until July 3, 2020. On July 4, 2020, the casino operation moved to temporarily cease operations until August 20, 2020. On August 21, 2020, the casino has again resumed limited operation and subsequently, on November 23, 2020 it has been allowed to operate at 24-hours until re-imposition of enhance community quarantine on March 29, 2021. Casino operations has been suspended from March 29, 2021 until April 30, 2021. On May 1, 2021, upon imposition of modified enhanced community quarantine in Metro Manila, PAGCOR and Inter-agency Task Force (IATF) have allowed the casino to resume 12 hours operations at 50% capacity and on an invitational basis only until May 31, 2021. On June 1, 2021, it has been downgraded to general community quarantine until August 5, 2021 hence the casino can operate for 24 hours. On July 29, 2021, the IATF has again placed Metro Manila on enhanced community quarantine from August 6 to 20, 2021.

As of the date of the auditor's report, the Parent Company has not yet resumed its full operation of the casino and is dependent on the quarantine classification put in place by IATF.

Hotel Operations
On June 7, 2020, the hotel resumed its operations after receiving the approval from the Department of Tourism (DOT). The hotel caters to foreign guests who are staying temporarily in the Philippines, long staying guests, overseas Filipino workers, government employees and health care workers. DOT has not yet allowed the Parent Company to accommodate leisure booking and is currently operating as a quarantine facility for returning overseas Filipino workers as booked by OWWA (Overseas Workers Welfare Administration).

For the years ended December 31, 2020 and 2019, the Parent Company reported net losses of ₱567.2 million and ₱752.3 million, respectively, which resulted to capital deficiency amounting ₱183.4 million as at December 31, 2020. Furthermore, the Parent Company's current liabilities exceeded its current assets by ₱423.8 million and ₱252.8 million as at December 31, 2020 and 2019, respectively.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Parent Company's ability to continue as going concern.

Management will continue to carry out activities to pursue business opportunities related to its gaming, hotel, and rental operations. The Parent Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows to meet its maturing obligations. To address such condition, the Parent Company implemented certain cost-saving measures to reduce its fixed and variable costs. The Parent Company also continuously boost its marketing efforts to increase foot traffic within the property while closely working with PAGCOR to ensure compliance with PAGCOR's memorandum and directives. The Parent Company is also exploring new business opportunities.

The Parent Company's ability to continue as a going concern is dependent on the commitment to defer payment of advances from related party and stockholders, waiver of management service fees and extension of credit line facility by a local bank.

On July 23, 2021, the Parent Company obtained the approval of its request from a local bank to defer its loan principal payments. Moreover, on July 30, 2021, a credit line facility was extended by a local bank to the Parent Company (see Note 15). This is to ensure that the Parent Company has adequate funds for its working capital needs and to meet its maturing obligations.

Authorization for the Issuance of the Consolidated Financial Statements
The Parent Company financial statements as at December 31, 2020 and 2019 and for each of the years in the period ended December 31, 2020 were approved and authorized for issuance by the Board of Directors (BOD) on August 4, 2021.

2. Agreements with PAGCOR

The following are the significant contracts entered by the Parent Company with PAGCOR:

a. *PTO granted to the Parent Company*
As discussed in Note 1 to the parent company financial statements, the Parent Company was granted a PTO by PAGCOR for the establishment, maintenance and operation of PAGCOR San Lazaro on March 18, 2010. The PTO shall be for a period of fifteen (15) years commencing on January 6, 2016, the date of actual operation of PAGCOR San Lazaro. Management has assessed that the Parent Company is the operator of PAGCOR San Lazaro, in accordance with the provisions of the PTO.

The agreement provides that while the Parent Company is in the process of forming its own management team and is cognizant of PAGCOR's expertise, experience and competence in gaming operations, the Parent Company requested PAGCOR to manage PAGCOR San Lazaro by giving PAGCOR an exclusive and direct control to supervise and manage PAGCOR San Lazaro's casino operations.

For the duration of the agreement, the Parent Company shall receive forty percent (40%) of PAGCOR San Lazaro's monthly gross gaming revenues after deducting the players' winnings/prizes, the taxes that may be imposed on these winnings/prizes, franchise tax, and applicable subsidies and rebates.

Upon revocation, termination or expiration of the PTO, the Parent Company undertakes to ship out of the Philippine territory, the gaming equipment and gaming paraphernalia in pursuance of Presidential Decree (P.D.) 519 and Letter of Instruction 1176 within 60 calendar days from the date of receipt or possession of the gaming equipment and gaming paraphernalia.

For income tax purposes, the Parent Company's revenue share in gaming operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended, otherwise known as the "PAGCOR Charter". Under P.D. 1869, earnings derived from the operation of casinos shall be imposed a 5% franchise tax, in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority.

b. *Traditional Bingo Operation of the Parent Company*
On January 19, 2016, the Parent Company was granted by PAGCOR the right to operate a traditional bingo operation at Winford Hotel and Casino. The terms of the bingo operation shall be coterminous with the term of the PTO. Under the agreement, the Parent Company shall remit, on a monthly basis, to PAGCOR 15% of the total gross receipt from sale of bingo tickets and cards, including electronically stored bingo cards played through an electronic device, instant game tickets and bingo game variant cards (presented as "Gaming fees" under "Operating costs and expenses") (see Note 24).

The agreement provides, among others, that all capital and operating expenditure (including the prizes) related to the bingo operation shall be for the sole account of the Parent Company.

In accordance with PAGCOR memorandum, bingo operation was temporarily suspended since March 13, 2020. As of August 4, 2021, the Parent Company has not yet resumed its bingo operations.

3. **Basis of Preparation and Statement of Compliance**

Basis of Preparation
The Parent Company financial statements are prepared using the historical cost basis. The Parent Company financial statements are presented in Philippine Peso (Peso or ₱), which is the Parent Company's functional and presentation currency. All amounts are rounded off to the nearest Peso, except when otherwise indicated.

Statement of Compliance
The Parent Company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs include both standard titles PFRS and Philippine Accounting Standards (PAS), and Philippine Interpretations based on equivalent interpretations from International Financial Reporting Interpretations Committee (IFRIC) as issued by the Philippine Financial Reporting Standards Council (FRSC).

4. **Summary of Changes in Accounting Policies and Disclosures**

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 3, *Business Combinations, Definition of 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 Parent Company enter into any business combinations.

The Parent Company did not enter into any business combinations during the year.

- 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.

  The amendments did not have any material impact to the Parent Company.

- 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.

  The amendments did not have any material impact to the Parent Company.

- 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.

  The revised Conceptual Framework did not have any material impact to the Parent Company.

- 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.

The amendments did not have any material impact to the Parent Company.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its Parent Company financial statements. The Parent 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 Parent 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 Parent Company 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 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.

  The amendments will apply when the Parent Company sells its property and equipment in the future.

- 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 Parent 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 Parent 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.

  The Parent Company is currently assessing its impact to the parent company financial statements.

- 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 Parent Company.

Effective beginning 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 Parent Company 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 FRSC 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.

5. Summary of Significant Accounting and Financial Reporting Policies, Significant Accounting Judgments, Estimates and Assumptions

Current versus Noncurrent Classification

The Parent Company presents assets and liabilities in the Parent Company statements of financial position based on current or noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in the 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 the 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 Parent Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities. Retirement assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement

The Parent Company measures financial instruments at each reporting date. Additional fair value related disclosures including fair values of financial instruments measured at amortized cost (AC) are disclosed in Note 26.

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 to the Parent 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 non-financial 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 Parent 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 of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments – Classification and Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of Financial Assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Parent Company's business model for managing the financial assets. The Parent Company classifies its financial assets into the following measurement categories:

- financial assets measured at AC
- financial assets measured at fair value through profit or loss (FVTPL)
- financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual Cash Flows Characteristics
If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Parent Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Parent Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

Business Model
The Parent Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Parent Company's business model does not depend on management's intentions for an individual instrument.

The Parent Company's business model refers to how it manages its financial assets in order to generate cash flows. The Parent Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Parent Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Parent Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial Assets at AC
A financial asset is measured at AC if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. Financial assets at AC 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 Parent Company's financial assets at AC include cash, receivables (excluding "advances from employees"), deposits (presented as part of "Other current assets" in the parent company financial statements), noncurrent portion of receivable arising from PTO and long-term deposits (presented as part of "Other noncurrent assets" in the parent company financial statements).

Financial Assets at FVTPL
Financial assets at FVTPL are measured at fair value unless these are measured at AC or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent SPPI. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the parent company statements of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the parent company statements of comprehensive income.

Additionally, even if the asset meets the AC or the FVOCI criteria, the Parent Company may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Parent Company, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

As of December 31, 2020 and 2019, the Parent Company does not have financial assets at FVTPL.

Financial Assets at FVOCI

Debt Instruments
A debt financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

As of December 31, 2020 and 2019, the Parent Company does not have debt instruments at FVOCI.

Equity instruments
The Parent Company may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Parent Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments designated at FVOCI are not subject to impairment assessment.

As of December 31, 2020 and 2019, the Parent Company does not have equity instruments at FVOCI.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:
- the rights to receive cash flows from the asset expires;
- the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through 'arrangement; the Parent 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.

Impairment of Financial Assets
The Parent Company recognizes an allowance for expected credit losses (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 Parent 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).

Loss Allowance
For cash in banks, the Parent Company applies a general approach in calculating ECLs. The Parent Company recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For receivables, deposits and long-term deposits, the Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company 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 Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the

Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Write-off Policy
The Parent Company writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Classification of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, 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.

For purposes of subsequent measurement, financial liabilities are classified in two categories:
• Financial liabilities at FVTPL
• Financial liabilities at AC (loans and borrowings)

The Parent Company's financial liabilities include accounts payable and other current liabilities (excluding "withholding taxes payable"), retention payable, interest payable and loans payable.

Financial liabilities at FVTPL
Financial liabilities at FVTPL 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 Parent Company 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 statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL 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 at FVTPL.

Financial liabilities at AC (loans and borrowings)
This is the category most relevant to the Parent Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at AC 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 statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings, accounts payable and other current liabilities, interest payable, retention payables, and advances from stockholders.

Derecognition
A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in profit or loss in the parent company statement of comprehensive income.

Exchange or modification of financial liabilities
The Parent Company considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

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 a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Parent Company recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Reclassifications of Financial Instruments
The Parent Company reclassifies its financial instruments when, and only when, there is a change in the business model for managing the financial instruments. Reclassifications shall be applied prospectively by the Parent Company and any previously recognized gains, losses or interest shall not be restated. The Parent Company does not reclassify its financial instruments.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the 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, to realize the assets and settle the liabilities simultaneously.

Cash
Cash in the Parent Company statements of financial position comprises cash on hand and cash in banks.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and condition are accounted for using the first-in/first-out basis. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

VAT
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the parent company statements of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the "Input VAT," "Deferred input VAT," or "Accounts payables and other current liabilities" in the parent company statements of financial position.

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 of within the normal operating cycle.

Creditable Withholding Taxes (CWT)
CWT represents the amount of tax withheld by counterparties from the Parent Company. 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 "Other current assets" in the parent company statement of financial position. CWT is stated at its estimated NRV.

Property and Equipment
Property and equipment, except land, are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of equipment are required to be replaced at intervals, the Parent Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the parent company statement of comprehensive income as incurred and is stated at cost less accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful Lives in Years
Building	30
Machinery	10
Non-gaming equipment	5
Kitchen and bar equipment, computer software and hardware	3

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the parent company statement of comprehensive income when the asset is derecognized.

Investment Properties
The Parent Company's investment properties consist of building held for lease. Investment properties are measured initially cost, including transaction costs and subsequently measured at cost less any accumulated depreciation and impairment.

Depreciation of investment properties commences once they become available for use and is calculated on a straight-line basis over the estimated remaining useful life of 26 years.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Parent Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Advances to Contractors and Suppliers
Advances to contractors and suppliers are noninterest bearing down payments which are applied against progress billings by the contractors and suppliers. Advances to contractors and suppliers are presented under "Other noncurrent assets" in the parent company statement of financial position.

Operating Equipment
Operating equipment (shown as part of "Other noncurrent assets") includes linens uniforms, and utensils, which are carried at cost. Bulk purchases of items of operating equipment with expected usage period of beyond one year are classified as noncurrent assets and are amortized over three years.

Impairment of Nonfinancial Assets
The Parent Company assesses, at each reporting date, whether there is an indication that the non- financial assets may be impaired or whether there is an indication that a previously recognized impairment loss may no longer exist or may have decreased. If such indications exist, the Parent Company makes an estimate of the asset's recoverable amount. An assets' recoverable amount is the higher of the assets' or cash generating unit's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. 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.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In cases where the impairment loss no longer exists or may have decreased due to a change in estimates, the carrying amount of an asset is increased to its recoverable amount to the extent that the amount cannot exceed the carrying amount, net of depreciation or amortization, had no impairment loss been recognized in prior years. Impairment loss or its reversal is recognized in the parent company statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Contract Liabilities
A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Parent Company transfers the related goods or services. Contract liabilities are recognized as revenue when the Parent Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract liabilities include payments received by the Parent Company from the customers for which revenue recognition has not yet commenced. Accordingly, hotel deposits, banquet customers, advance collection for purchase of bingo cards, services received from customers, and lessees are recorded as contract liabilities until services or goods are provided or sold to the customers. Contract liabilities as of December 31, 2020 and 2019 are recognized under "Accounts payable and other current liabilities" in the parent company financial statements.

Retention Payable
Retention payable represents the portion of contractor billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until the defects have been corrected.

Deposit for Future Stock Subscription
Deposit for future stock subscription represents amounts received that will be applied as payment in exchange for a fixed number of the Parent Company's own equity instruments and presented in the noncurrent liabilities section of the parent company statement of financial position. These are measured at cost and are reclassified to capital stock upon issuance of shares.

In accordance with Financial Reporting Bulletin (FRB) No. 6 issued by the SEC, the following elements should be present as of the reporting date in order for the deposits for future stock subscriptions to qualify as equity:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is a BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been presented for filing or filed with the Commission.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability.

Capital Stock
Capital stock is measured at par value for all shares issued. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred that are directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Deficit
Deficit pertains to accumulated gains and losses and may also include effect of changes in accounting policies as may be required by the standards' transitional provisions.

Revenue Recognition
The Parent Company's revenue from contracts with customers primarily consist of hotel accommodation services, food and beverage, bingo services 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 Parent Company expects to be entitled in exchange for those goods or services. The Parent Company has generally concluded that it is the principal in its revenue arrangements.

Revenue Share in Gaming Operations
Revenue share in gaming operations represents a certain percentage share of gross winnings after deducting the players' winnings/prizes, franchise tax and applicable subsidies and rebates. The revenue share in gaming operations comprise of the revenue from allowing PAGCOR to use the Parent Company's gaming facilities and gaming equipment.

Revenue from Hotel
Revenue from hotel is recognized over time as the service is rendered to the customer, generally when the hotel services are performed. Deposits received from customers in advance on rooms are recorded under "Contract liabilities" until services are provided to the customers.

Revenue from Food and Beverage
Revenue from food and beverage is recognized at point in time when the control of the goods is transferred to the customer, generally when the goods are delivered.

Revenue from Bingo Operations
Revenue from bingo operations represents net sales from the conduct of bingo operations. Net sales is defined as the total gross receipts from sale of bingo tickets and cards and daubers less prizes/winnings. Revenue is recognized at point in time upon the conduct of the bingo operations.

Rental Income
Rental revenue from the leasing of insignificant portion of the hotel (classified as Property and Equipment) held under operating lease are recognized on a straight-line basis over the periods of the respective leases.

Other Revenue
Other revenue consists of tobacco sales, laundry services, parking fees, charges for utilities consumed by lessee and income from junket operations.

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 advances to related parties.

Loyalty Program Points
The Parent Company operates loyalty program to encourage repeat business mainly from loyal slot machine customers and table game patrons. Members earn points primarily based on gaming activities and such points can be redeemed for goods and services. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. The Parent Company'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 Parent Company). 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.

Operating 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.

Gaming Fees
As a grantee of PAGCOR, the Parent Company is required to pay PAGCOR a percentage of its gross receipts from bingo operations. These fees are recorded as part of "Gaming fees" under "Operating costs and expenses".

Income Tax
Current Income Tax
Current income tax assets and liabilities 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 date in the countries where the Parent Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the parent company statement comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when 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 carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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 date 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 asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits 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 year 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 date.

Deferred 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 tax liabilities are offset if and only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Retirement Benefits

The Parent Company does not have an established retirement plan and only conform with Republic Act (RA) 7641, *Retirement Pay Law*, which is a defined benefit type.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise service cost, net interest on the net defined benefit liability or asset and re-measurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Leases

Parent Company as a Lessor - Operating lease

Lease in which the Parent Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Contingent rents are recognized as revenue in the period in which they are earned.

Parent Company as a Lessor - Finance lease
Lease in which the Parent Company transfers substantially all the risks and benefits of ownership of the assets are classified as finance lease. Lease collections are apportioned between the finance income and the reduction of the outstanding receivable so as to achieve a constant periodic rate of interest on the remaining balance of the receivable for each period. Finance income are charged directly against profit or loss. A combination of the following would normally lead to a lease being classified as finance lease:

a. ownership of the asset to the lessee by the end of the lease term.
b. the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised.
c. the lease term is for the major part of the economic life of the asset even if title is not transferred.
d. at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
e. the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Parent Company as a Lessee
The Parent Company has not entered into any lease arrangement other than short-term leases of which the Parent Company applies the short-term lease recognition exemption. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Lease Modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

Provisions
Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, 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. When the Parent Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the parent company statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Earnings (Loss) Per Share
Earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year adjusted to give retroactive effect to any stock dividends declared during the year.

Basic earnings (loss) per share is calculated by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year.

Diluted earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares taking into account the effects of all potential dilutive common shares.

Segment Reporting
For management purposes, the Parent Company is organized and managed separately according to the nature of the business. These operating businesses are the basis upon which the Parent Company reports its segment information presented in Note 25.

An operating segment is a component of an entity:
a. that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b. with operating results regularly reviewed by the entity's chief of operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
c. for which discrete financial information is available.

Significant Accounting Judgments, Estimates and Assumptions
The preparation of the parent company financial statements in accordance with PFRS requires the Parent Company to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. The judgments, estimates and assumptions used are based on management's evaluation of relevant facts and circumstances as of the report date of the parent company financial statements. Actual results could differ from the estimates and assumptions used. The effects of any change in estimates or assumptions are reflected in the parent company financial statements when these become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the parent company financial statements:

Assumption on Going Concern
The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. Management believes that it will be able to generate positive cash flows and has obtained from its creditor banks the approval to defer loan payments and credit facilities. In making this judgment, the Parent Company evaluates among other factors, existing and committed cash reserves, challenges imposed by the COVID-19 pandemic, current run-rate performance of the business as well as expected future performance based on internal models informed by competitive market dynamics and macroeconomic factors. Accordingly, the financial statements are prepared on a going concern basis since management has concrete plans with regards to the Parent Company as disclosed in Note 1.

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.

Parent Company as the Lessor - Operating Lease Commitments
The Parent Company has entered into various operating lease agreements as a lessor. The Parent Company has determined that it has retained substantially all the risks and benefits of ownership of the assets. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life. Accordingly, the lease is accounted for as an operating lease.

Parent Company as the Lessor - Finance Lease Commitments
The Parent Company has entered into agreements with PAGCOR involving its gaming equipment. The Parent Company has determined that the lease term is for the major part of the asset's economic life. In calculating the present value of the minimum lease payments to measure the finance lease receivable at initial recognition, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine it; otherwise, the lessee's incremental borrowing rate is used. Initial direct costs incurred, if any, are included as part of the asset.

Revenue from Contracts with Customers
The Parent Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying of contracts with customers under PFRS 15*
  The Parent Company applied PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Parent Company reasonably expects that the effects on the parent company financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio.
- *Identifying performance obligations*
  The Parent Company provides hotel services, food and beverage sales, bingo services and other sales and services to its customers. The Parent Company has determined that each of the services are capable of being distinct.

Recognition of Deferred Tax Assets
The Parent Company makes an estimate and judgment of its future taxable income and reviews the carrying amount of the deferred tax assets at each reporting date.

From the casino operations, no deferred tax assets will be recognized since the Parent Company's income from casino operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended (see Note 2).

From its hotel and rental operations as of December 31, 2020 and 2019, no deferred tax assets were recognized as management believes that the Parent Company may not have sufficient future taxable income against which the deferred tax asset may be applied (see Note 19).

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below.

Definition of Default and Credit-Impaired Financial Assets
Upon adoption of PFRS 9, the Parent 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, which is consistent with the Parent 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 Parent Company, 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 Parent 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 probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Parent Company's ECL calculation.

Simplified Approach for Receivables
The Parent Company uses a provision matrix to calculate ECLs for 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 Parent Company's historical observed default rates. The Parent Company 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 ECL 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.

Macro-economic Forecasts and Forward-looking Information
Macro-economic forecasts are 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 Parent 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 three years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

In light of COVID-19 pandemic, the Parent Company reviewed the conduct of its impairment assessment and ECL methodology. The Parent Company also reassessed the framework for macroeconomic overlay, incorporating pandemic scenarios to ensure that changes in economic conditions are captured in the ECL calculations.

Allowance for expected credit losses as of December 31, 2020 and 2019 amounted to ₱215.7 million and ₱229.1 million, respectively. The carrying amounts of receivables (including "Receivable arising from PTO related to gaming equipment – net of current portion" presented as part of "Other Noncurrent Assets") for which the management believes to be recoverable amounted to ₱204.1 million and ₱217.3 million as at December 31, 2020 and 2019, respectively (see Notes 7 and 13).

Estimation of the Useful Lives of Property and Equipment and Investment Properties
The useful lives of each of the Parent Company's property and equipment and investment properties are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of each asset are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned above. A reduction in the estimated useful lives of any property and equipment and investment property would increase the recorded operating expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property and equipment in 2020 and 2019. The carrying value of property and equipment and investment properties as of December 31, 2020 and 2019 are disclosed in Notes 11 and 12 to the parent company financial statements, respectively.

Impairment of Property and Equipment and Investment Properties
The Parent Company determines whether its property and equipment and investment properties are impaired whenever events or changes in circumstances indicate that the carrying values of the assets may not be recoverable. The recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. Recoverable amounts are estimated for an individual assets, or if possible, for the CGU to which the asset belongs, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The factors that the Parent Company considers important which could trigger an impairment review include the following, among others:

- significant underperformance relative to expected historical or projected operating results;
- significant changes in the manner of use of acquired assets or the overall business strategy; and
- significant impact of COVID-19 outbreak in the industry or economic trends.

As a result of the continuing community quarantines and restricted travel, the Parent Company's revenue from casino, hotel and restaurant operations continues to be adversely affected by the lower number of operating days and guests. In addition, the lessee's operations have not yet commenced due to the suspension of its construction activities in the Parent Company's investment properties, brought about by the COVID-19 pandemic. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and investment properties.

The Parent Company estimates the recoverable amount of the property and equipment and investment properties based on value in use. For property and equipment, value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 5-year forecast. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID -19 pandemic.

For investment properties, value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 9-year forecast of cash flows relating to its lease contract. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against the relevant economic and external data, which are adjusted to take into consideration the impact associated with the coronavirus pandemic. The forecasted costs and expenses are based on the Parent Company's historical performance and current market conditions.

Based on the Parent Company's impairment testing, no impairment loss was recognized for the years ended December 31, 2020 and 2019 The net book values of the Parent Company's property and equipment and investment properties amounted to ₱3,766.1 million and ₱744.6 million, respectively, as of December 31, 2020; and ₱4.002.1 million and ₱774.4 million , respectively, as of December 31, 2019 (see Notes 11 and 12).

Impairment of Input VAT
The determination of the Parent Company's recoverability of Input VAT is based on the Parent Company's assessment of its projected operating results taking into consideration the significant impact of COVID-19 pandemic in the industry. The Parent Company assessed that the current portion of input VAT amounting to ₱10.9 million is recoverable within the next 12 months from the reporting date and non-current portion amounting to ₱440.8 million is recoverable for the years thereafter (see Note 9). No impairment loss was recognized as of and for the year ended December 31, 2020.

Retirement Benefits
The determination of the Parent Company's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by the Parent Company's actuary in calculating such amounts. Those assumptions, which include among others, discount rate and future salary increase rate, are described in Note 16 to the parent company financial statements.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables and is modified accordingly with estimates of mortality improvements. Future salary increases, and retirement increases are based on expected future inflation rates.

Information on the Parent Company's retirement benefits are presented in Note 16 to the parent company financial statements.

6. Cash

	2020	2019
Cash on hand	**₱1,910,279**	₱7,242,499
Cash in banks	**19,139,102**	33,829,244
	₱21,049,381	₱41,071,743

Cash in banks generally earns interest at the respective bank deposit rates. Total interest income earned from cash in banks amounted to ₱2.1 million and ₱0.3 million in 2020 and 2019, respectively.

7. Receivables

	2020	2019
Trade:		
Non-related parties	**₱67,149,684**	₱72,967,190
Related parties (Note 21)	**418,347**	513,923
Nontrade (Note 11)	**125,681,357**	125,681,357
Advances to related parties (Note 21)	**114,441,618**	118,742,900
Receivable arising from PTO related to:		
Gaming equipment (Note 17)	**80,983,264**	71,241,648
Gaming facility	**27,839,504**	55,343,119
Advances to employees	**3,246,805**	1,935,216
	419,760,579	446,425,353
Less: Allowance for ECL	**(215,677,757)**	(229,124,817)
	₱204,082,822	₱217,300,536

Trade receivables consist mainly of claims against the lessees of the building spaces for commercial operations and claims against the travel agencies for the hotel accommodations. These receivables are usually collected within 30 to 60 days.

Nontrade receivables mainly pertain to noninterest bearing receivable from a third party for consideration related to certain disposed assets.

Receivable arising from PTO pertains to the outstanding balance of the Parent Company's revenue share in gaming operations related to gaming facility and gaming equipment after deducting the players' winnings and prizes, the taxes that may be imposed on these winnings/prizes, franchise tax, and applicable subsidies and rebates, which shall be remitted to the Parent Company within 15 days of the following month in accordance with the PTO.

<u>Allowance for ECL</u>

The following table shows the rollforward of the allowance for ECL on trade receivables from non-related parties and nontrade receivables as of December 31, 2020 and 2019:

	2020	2019
Balance at beginning of year	**₱229,124,817**	₱55,177,100
Provision (Note 24)	**7,961,475**	173,947,717
Reversals	**(21,408,535)**	–
	₱215,677,757	₱229,124,817

As of June 30, 2021, the Parent Company received payment for a portion of previously impaired receivables from TSLC amounting to ₱21.4 million of which ₱4.4 million was received in 2020 and ₱17.0 million in 2021. This resulted to the reversal of allowance for ECL as of December 31, 2020.

8. Inventories

	2020	2019
At cost:		
Operating supplies	**₱15,784,488**	₱20,310,583
Food, beverage, and tobacco	**4,421,866**	4,850,665
	₱20,206,354	₱25,161,248

Operating supplies include cards, seals and dice.

No allowance for inventory obsolescence was recognized in 2020 and 2019.

9. Input VAT

	2020	2019
Input VAT - current	**₱10,927,769**	₱16,777,994
Noncurrent:		
Input VAT - noncurrent	**427,061,029**	404,985,744
Deferred input VAT	**13,728,189**	13,635,008
	440,789,218	418,620,752
	₱451,716,987	₱435,398,746

Input VAT pertains mainly to the Parent Company's purchase of goods and services which can be claimed as credit against the future output VAT liabilities without prescription.

Deferred input VAT pertains to the VAT related to certain retention payable and noncurrent portion of input VAT related to acquisition of capital goods exceeding ₱1.0 million.

10. Other Current Assets

	2020	2019
Restricted cash (Note 15)	**₱103,562,631**	₱163,271,629
CWT	**4,920,241**	3,804,547
Deposits	**4,191,787**	3,408,320
Prepayments	**1,398,995**	4,891,055
Others	–	20,175
	₱114,073,654	₱175,395,726

Restricted cash are interest-bearing special bank accounts which are solely being used to maintain funding for loan quarterly payments in compliance with the requirements of the loan agreement (see Note 15). Total interest income earned from restricted cash amounted to ₱2.0 million and nil in 2020 and 2019, respectively.

CWT pertains to the taxes withheld by the withholding agent from the payment to the Parent Company.

Deposits pertain to deposit for electricity connection, security deposit for billboard, and advance payments for operating supplies and television advertisements.

Prepayments pertain to advance payments for software maintenance, advertising services and health insurance.

11. **Property and Equipment**

	2020					
	Land	**Building**	**Machinery**	**Non-gaming equipment**	**Kitchen and bar equipment, computer software and hardware**	**Total**
Cost						
Balance at beginning of year	**₱600,800,000**	**₱3,489,843,089**	**₱221,699,406**	**₱464,754,666**	**₱636,454,422**	**₱5,413,551,583**
Additions	**–**	**8,947,264**	**–**	**1,402,128**	**3,453,389**	**13,802,781**
Balance at end of year	**600,800,000**	**3,498,790,353**	**221,699,406**	**466,156,794**	**639,907,811**	**5,427,354,364**
Accumulated depreciation	**–**					
Balance at beginning of year	**–**	**417,459,176**	**76,342,833**	**302,716,169**	**614,946,589**	**1,411,464,767**
Depreciation (Note 24)	**–**	**119,517,332**	**23,803,494**	**93,955,934**	**12,492,266**	**249,769,026**
Balance at end of year	**–**	**536,976,508**	**100,146,327**	**396,672,103**	**627,438,855**	**1,661,233,793**
Net book value	**₱600,800,000**	**₱2,961,813,845**	**₱121,553,079**	**₱69,484,691**	**₱12,468,956**	**₱3,766,120,571**

	2019					
	Land	Building	Machinery	Non-gaming equipment	Kitchen and bar equipment, computer software and hardware	Total
Cost						
Balance at beginning of year	₱600,800,000	₱4,346,182,947	₱218,902,742	₱453,787,351	₱636,061,435	₱6,255,734,475
Additions	–	24,311,569	2,796,664	10,967,315	15,986,980	54,062,528
Disposal/Reclassification	–	(880,651,427)	–	–	(15,593,993)	(896,245,420)
Balance at end of year	600,800,000	3,489,843,089	221,699,406	464,754,666	636,454,422	5,413,551,583
Accumulated depreciation	–					
Balance at beginning of year	–	375,123,051	51,801,794	207,872,872	488,196,395	1,122,994,112
Depreciation (Note 24)	–	141,185,334	24,541,039	94,843,297	140,178,355	400,748,025
Disposal/Reclassification	–	(98,849,209)	–	–	(13,428,161)	(112,277,370)
Balance at end of year	–	417,459,176	76,342,833	302,716,169	614,946,589	1,411,464,767
Net book value	₱600,800,000	₱3,072,383,913	₱145,356,573	₱162,038,497	₱21,507,833	₱4,002,086,816

As of December 31, 2020 and 2019, land and building, presented as part of property and equipment and investment properties, with an aggregate carrying values of ₱4.3 billion and ₱4.4 billion were pledged as collateral for the loan facility, respectively (see Note 15).

The cost of fully depreciated property and equipment which are still in use amounted to ₱725.4 million and ₱613.7 million as of December 31, 2020 and 2019 respectively.

In 2019, the Parent Company sold kitchen and bar equipment which resulted to a gain of ₱13.4 million. Proceeds from sale of kitchen and bar equipment is recorded as part of "Nontrade receivables" in the parent company statements of financial position as of December 31, 2020 and 2019, respectively (see Note 7).

As of December 31, 2020 and 2019, the Parent Company has outstanding retention payable to its service providers related to renovation and improvements to the building amounting to ₱7.9 million and ₱8.8 million, respectively.

Impairment

As a result of the continuing community quarantines and restricted travel brought about by COVID-19 pandemic, the Parent Company's revenue from casino, hotel and restaurant operations continues to be adversely affected by the lower number of operating days and guests. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment.

The Parent Company's estimates the recoverable amount of the property and equipment based on value in use. The value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 5-year forecast. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID -19 pandemic.

Based on the Parent Company's impairment testing on property and equipment, no impairment loss was recognized in 2020 and 2019 (see Note 5).

12. Investment Properties

In 2019, the Parent Company entered into a lease agreement with a third party to lease and convert the parking and roof-deck area of Winford Hotel and Casino, with a total area of 15,718 sqm, into an office space for lease (see Note 17). Upon execution of the lease agreement, the Parent Company reclassified the portion of the property and equipment held for lease into "Investment properties" amounting to ₱781.8 million.

Details of the carrying amount of investment property is shown below:

	2020	2019
Cost	**₱781,802,218**	₱781,802,218
Accumulated depreciation	**37,228,677**	7,445,736
Net book value	**₱744,573,541**	₱774,356,482

Movement of accumulated depreciation:

	2020	2019
Beginning balance	**₱7,445,736**	₱–
Depreciation expense (Note 24)	**29,782,941**	7,445,736
Ending balance	**₱37,228,677**	₱7,445,736

No rental income was recognized in 2020 and 2019. Operating expenses related to the investment properties amounted to ₱8.0 million and ₱5.6 million in 2020 and 2019 respectively, which pertains mainly to real property taxes. There were no significant repairs and maintenance were made to maintain the Parent Company's investment properties in 2020 and 2019.

Impairment

As a result of the continuing community quarantines and restricted travel brought about by COVID-19 pandemic, the third-party lessee's operations have not yet commenced due to the suspension of its construction activities in the Parent Company's investment properties. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and investment properties.

The Parent Company estimates the recoverable amount of the investment properties based on value in use. Value in use calculations for investment properties uses pre-tax cash flow projections based on the prospective financial information using 9-year forecast of cash flow relating to its lease contract, taking into consideration the impact associated with the COVID-19 pandemic. The forecasted costs and expenses are based on the Parent Company historical performance and current market conditions.

Based on the Parent Company impairment testing on investment properties, no impairment loss was recognized in 2020.

13. **Other Noncurrent Assets**

	2020	2019
Receivable arising from PTO related to gaming equipment - net of current portion (Note 17)	**₱331,107,901**	₱391,670,199
Long-term deposits	**6,267,386**	6,964,000
Advances to contractors and suppliers	**4,779,331**	4,779,331
Operating equipment	**1,803,390**	715,375
	₱343,958,008	₱404,128,905

Long-term deposits pertain to guarantee payment for utility bills.

Movement in operating equipment are as follows:

	2020			
	Utensils	**Linens**	**Uniforms**	**Total**
Cost				
Balance at beginning of year	**₱23,562,076**	**₱70,917,497**	**₱4,816,363**	**₱99,295,936**
Additions	–	**1,715,645**	**109,350**	**1,824,995**
Balance at end of year	**23,562,076**	**72,633,142**	**4,925,713**	**101,120,931**
Accumulated amortization				
Balance at beginning of year	**23,562,076**	**70,816,300**	**4,202,185**	**98,580,561**
Amortization (Note 24)	–	**327,536**	**409,444**	**736,980**
Balance at end of year	**23,562,076**	**71,143,836**	**4,611,629**	**99,317,541**
Net book value	**₱–**	**₱1,489,306**	**₱314,084**	**₱1,803,390**

	2019			
	Utensils	Linens	Uniforms	Total
Cost				
Balance at beginning of year	₱23,562,076	₱70,917,497	₱4,397,918	₱98,877,491
Additions	–	–	418,445	418,445
Balance at end of year	23,562,076	70,917,497	4,816,363	99,295,936
Accumulated amortization				
Balance at beginning of year	20,591,738	52,383,953	2,876,904	75,852,595
Amortization (Note 24)	2,970,338	18,432,347	1,325,281	22,727,966
Balance at end of year	23,562,076	70,816,300	4,202,185	98,580,561
Net book value	₱–	₱101,197	₱614,178	₱715,375

14. Accounts Payable and Other Current Liabilities

	2020	2019
Accounts payable	**₱364,240,946**	₱331,217,937
Accrued expenses	**155,861,011**	103,758,402
Gaming liabilities	**39,147,990**	33,872,011
Contract liabilities	**16,558,725**	15,936,652
Advances from related parties (Note 21)	**4,982,104**	4,970,819
Taxes payable	**4,505,072**	5,661,596
Others	**22,649,695**	23,809,578
	₱607,945,543	₱519,226,995

Accounts payable are noninterest bearing and are normally settled within 30 to 60 days after the billing was received.

Accrued expenses pertain to accrual of payroll, other employee benefits, utilities, travel and transportation, meeting and conferences, security services and service fees, professional fees, real property tax, among others, which are normally settled in the next financial year.

Gaming liabilities include provision for progressive jackpot on slot machine and for points earned from loyalty programs.

Contract liabilities pertain to hotel deposits, banquet customers, advance collection for purchase of bingo cards, services received from customers, and lessees are recorded as contract liabilities until services or goods are provided or sold to the customers. The revenue recognized from prior year performance obligations amounted to ₱4.1 million and ₱4.5 million in 2020 and 2019, respectively.

Taxes payable pertains to taxes withheld by the Parent Company from its contractors and suppliers from payments made mainly in relation to the construction of building and output VAT.

Others include deposits which shall be applied as payment for future bookings of hotel rooms, statutory liabilities and other various individually insignificant items.

15. **Loans Payable**

	2020	2019
Principal	**₱2,307,900,000**	₱2,355,000,000
Less unamortized debt discount	**(15,117,333)**	(17,362,110)
	2,292,782,667	2,337,637,890
Less current portion of long-term debt	**(138,039,293)**	(185,287,516)
	₱2,154,743,374	₱2,152,350,374

The movements in the principal balance of loans payable are as follows:

	2020	2019
Balance at beginning of year	**₱2,355,000,000**	₱2,800,000,000
Payment	**(47,100,000)**	(2,800,000,000)
Drawdowns	**–**	2,355,000,000
Balance at end of year	**₱2,307,900,000**	₱2,355,000,000

The movements in the unamortized debt discount are as follows:

	2020	2019
Unamortized debt discount at beginning of year	**₱17,362,110**	₱13,490,413
Additions*	**1,966,404**	17,662,500
Amortization	**(4,211,181)**	(5,561,533)
Derecognition**	**–**	(8,229,270)
Unamortized debt discount at end of year	**₱15,117,333**	₱17,362,110

**This includes adjustments related to loan contract modification.*
***Recorded as part of "Interest expense and other financing charges" in the 2019 parent company statements of comprehensive income.*

Future repayment of the principal as follows:

	2020	2019
Within one year	**₱141,300,000**	₱188,400,000
After one year but not more than five years	**2,166,600,000**	2,166,600,000
	₱2,307,900,000	₱2,355,000,000

In 2015, the Parent Company signed a 7-year loan agreement with a local bank for a ₱3.5 billion loan with an interest rate of 7-year Philippine Dealing System Treasury Reference Rates 2 (PDST-R2) plus 125 basis points at drawdown date, plus gross receipts tax (the "Original Loan"). The proceeds from this loan was initially availed of to fund the acquisition of gaming system and equipment, hotel furniture and equipment and permanent working capital of the Parent Company. In November 2015, the Parent Company drew ₱2.5 billion receiving proceeds of ₱2.5 billion, net of related debt issue cost of ₱30.0 million. Subsequently, in April 2016, the Parent Company drew the remaining ₱1.0 billion from the loan facility, receiving proceeds of ₱995.0 million, net of documentary stamp tax amounting

₱5.0 million. Debt issue costs for both loans include documentary stamp tax amounting to ₱17.5 million and upfront fees amounting to ₱17.5 million. Both loans will mature on November 27, 2022.

On November 22, 2019, the Parent Company entered into 7-year loan agreement amounting to ₱2.4 billion with another local bank. This loan has an interest rate of 7-year Philippine Bloomberg Valuation Service (BVAL) Reference Rates plus 125 basis points at drawdown date, plus gross receipts tax (the "New Loan"). Interest on the outstanding principal amount shall be paid on each quarterly interest payment date. The proceeds from the loan was availed solely to refinance the outstanding balance of its ₱3.5 billion loan, funding the Parent Company's debt service accounts and financing related expenses for general corporate purposes.

On November 27, 2019, the Parent Company drew the full amount under the New Loan, receiving proceeds of ₱2.3 billion, net of related debt issue cost of ₱17.7 million. As a result, the Parent Company derecognized the Original Loan together with the unamortized debt issue cost and recognized prepayment penalty aggregating ₱34.8 million as part of "Interest expense and other financing charges" in the parent company statements of comprehensive income.

In June 2020, in light of the COVID-19 pandemic, the bank provided a revised principal and interest payment scheme, which was accepted by the Parent Company. In August 2020, the bank approved further relief in relation to the terms of the loan. The Parent Company was provided with the following reliefs and agreed on the revised terms of the existing loan agreements with the bank:

- *Principal repayments and interest payment*
  Quarterly principal repayment due in June 2020 was deferred to May 2021. Quarterly interest payment was changed to monthly payment starting June 2020 to February 2021 and shall revert to quarterly payments starting May 2021 coinciding with the principal repayment from May 2021 to November 2026.

- *Term loan covenants*
  Debt Service Payment Account (DSPA) shall have no build-up on principal plus interest due until April 2021. The monthly buildup will resume starting May 2021 onwards equivalent to one-third of next principal plus interest due.

  Debt Service Reserve Account (DSRA) requirement of equivalent to two quarters of principal plus interest shall be deferred to May 2021 onwards.

  Restriction with respect to quarterly calculation of debt-equity ratio and debt service coverage ratio was waived and will resume on September 2021 based on June 30, 2021 interim financial statements.

In addition, quarterly principal and interest repayments starting May 2021 were further extended to July 2021 or a 60-day extension by virtue of Bayanihan to Heal as One Act (RA 11469).

Based on the Parent Company's assessment, these modifications in the contractual cash flows are not substantial and therefore do not result in the derecognition of the affected financial liabilities.

Under the loan agreement, the Parent Company is required to maintain debt service accounts to fund the quarterly principal and interest payments of the loan in accordance with the loan agreement. The cash amounting to ₱103.6 million and ₱163.3 million as of December 31, 2020 and 2019, respectively, are presented under "Other current assets" as "Restricted cash" (see Note 10).

The related interest recognized from the loans amounted to ₱144.7 million and ₱153.4 million in 2020 and 2019, respectively. Total interest paid amounted to ₱130.1 million and ₱150.2 million in 2020 and 2019, respectively.

The loan is secured by the Parent Company's land and building, classified as property and equipment and investment properties with an aggregate carrying value of ₱4.3 billion and ₱4.4 billion as of December 31, 2020 and 2019, respectively (see Notes 11 and 12).

On July 23, 2021, the bank provided a further revised principal and interest payment scheme to the Parent Company, which the Parent Company accepted, due to the continuing COVID-19 situation affecting the Parent Company. Details are as follows:

- *Principal repayments*
  Quarterly principal repayment due in July 2021 was deferred to January 2023. Accordingly, current portion of the loans payable amounting to ₱138.0 million as of December 31, 2020, will now be due in January 2023.

- *Term loan covenants*
  DSPA shall have no build-up up to October 2022. The monthly build-up will resume starting November 2022 onwards equivalent to one-third of next debt service.

  DSRA requirement of equivalent to two quarters of debt service starting July 2021.

  Restriction with respect to quarterly calculation of debt-equity ratio and debt service coverage ratio is waived and will resume on 2023 based on 2022 parent company financial statements.

Credit line facility
On July 30, 2021, a local bank provided the Parent Company with a credit line facility amounting to ₱400.0 million. The unused credit line as of August 4, 2021 amounted to ₱400.0 million.

16. Retirement Benefits

The Parent Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (RA 7641) which is of the defined benefit type and provides a retirement equal to 22.5 days' pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. The Parent Company liability for retirement benefits is based solely on the requirement under RA 7641. Benefits are based on the employee's final salary and years of service. In 2020, the Parent Company engaged an independent expert to perform actuarial valuation.

The table below summarizes the components of retirement cost recognized under "Operating costs and expenses" in the parent company statements of comprehensive income (see Note 24):

	2020	2019
Current service cost	**₱844,346**	₱2,760,093
Interest cost	**497,251**	334,881
	₱1,341,597	₱3,094,974

Movements in the cumulative actuarial gain in the parent company statements of comprehensive income are as follows:

	2020	2019
Balance at beginning of year	**₱287,204**	₱2,334,511
Actuarial gain (loss) recognized in other comprehensive income	**7,712,363**	(2,047,307)
	₱7,999,567	₱287,204

The movements in the retirement liability are as follows:

	2020	2019
Balance at beginning of year	**₱9,544,160**	₱4,401,879
Total retirement expense	**1,341,597**	3,094,974
Defined benefit loss (income) recognized in OCI	**(7,712,363)**	2,047,307
Balance at end of year	**₱3,173,394**	₱9,544,160

Movement in defined benefit obligation are as follows:

	2020	2019
Balance at beginning of year	**₱9,544,160**	₱4,401,879
Current service cost	**844,346**	2,760,093
Interest cost	**497,251**	334,881
Actuarial loss (gain) on:		
Changes in financial assumptions	**123,239**	2,990,709
Experience adjustments	**(7,835,602)**	(943,402)
Balance at end of year	**₱3,173,394**	₱9,544,160

The cost of the retirement plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. The principal assumptions used in determining the retirement liability of the Parent Company as of January 1 are shown below:

	2020	2019
Discount rate	**5.21%**	7.61%
Salary increase rate	**5.00%**	5.00%

The latest actuarial valuation made for the plan was as of December 31, 2020.

As of December 31,2020, discount rate and salary increase rate are 3.90% and 4.00%, respectively.

The Parent Company does not maintain a fund for its retirement benefit obligation. While funding is not a requirement of the law, there is a cash flow risk that the Parent Company may be exposed to if several employees retire within the same year.

Shown below are the maturity profile of the undiscounted benefit payments as of December 31, 2020 and 2019 are as follows:

	2020	2019
Less than one year	**₱–**	₱–
One to less than five years	**736,026**	345,712
Five to less than 10 years	**2,451,901**	1,375,089
10 years and above	**25,897,525**	26,468,627
	₱29,085,452	₱28,189,428

The average duration of the expected benefit payments as of December 31, 2020 and 2019 is 25.2 years and 26.07 years, respectively.

The defined benefit obligation is subject to several key assumptions. The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant. Established on historical data, the behavior in error of the standard deviation is within the range:

		Effect on retirement liability
Discount rate		
	(11.9%) (Actual + 100 basis points (bps)	(₱377,123)
	14.2% (Actual - 100 bps)	450,332
Salary increase rate		
	14.0% (Actual + 100 bps)	₱445,185
	12.0% (Actual – 10 bps%)	(380,139)

17. **Significant Commitments**

PTO
As discussed in Notes 1 and 2, the Parent Company was granted a PTO by PAGCOR for the establishment, maintenance and operation of PAGCOR San Lazaro on March 18, 2010. The PTO shall be for a period of fifteen (15) years commencing on January 6, 2016, the date of actual operation.

Under this arrangement, the Parent Company shall acquire, install, maintain and upgrade to keep abreast with the worldwide industry of casino gaming the following to be used for the operation of PAGCOR San Lazaro as approved and deemed necessary by PAGCOR:
(1) Certain number of gaming tables, table layout, chairs and other equipment and paraphernalia.
(2) A minimum number of new slot machines and an online token-less system of linking and networking all slot machines.

The use of slot machines and gaming tables ("Gaming Equipment") by PAGCOR will be for the major part of the Gaming Equipment's economic life.

In addition, the Parent Company shall also establish the gaming facility, including furnishings; undertake and shoulder the cost of designing, furnishing and maintaining PAGCOR San Lazaro.

The use of certain floors in the Parent Company's building as gaming facility did not substantially transfer the risk and benefits related to the ownership of the building. The Parent Company requested PAGCOR to manage PAGCOR San Lazaro and PAGCOR shall exclusively and directly control, supervise and manage PAGCOR San Lazaro.

The Parent Company's share from gross gaming revenue of PAGCOR San Lazaro amounted to ₱225.1 million in 2020 and ₱556.9 million in 2019, respectively. Portion of the share from gross gaming revenue of PAGCOR San Lazaro related to gaming equipment was applied as payment for receivable arising from PTO amounting to ₱72.1 million and ₱62.4 million in 2020 and 2019, respectively. Accordingly, revenue share in gaming operations for the year ended December 31, 2020 and 2019, presented in the parent company statements of comprehensive income, amounted to ₱153.0 million and ₱494.5 million, respectively.

The details of the revenue share in gaming operations are as follows:

	2020	2019
Revenue share from gaming operations related to:		
Gaming facility	**₱106,629,088**	₱444,672,706
Gaming equipment	**46,340,995**	49,875,474
	₱152,970,083	₱494,548,180

The future minimum collection related to the gaming equipment follows:

	2020	2019
Within one year	**₱120,429,069**	₱116,483,591
After one year but not more than five years	**364,869,513**	408,454,727
More than five years	**39,660,666**	86,913,440
	524,959,248	611,851,758
Less: unamortized portion of discount	**(112,868,083)**	(148,939,911)
	412,091,165	462,911,847
Less: current portion (Note 7)	**(80,983,264)**	(71,241,648)
Noncurrent portion (Note 13)	**₱331,107,901**	₱391,670,199

Operating Lease Commitment - the Parent Company as Lessor

a. The Parent Company entered into a lease contract with China Trust Philippines Commercial Banking Corp. (CTBC) to lease a space in Winford Hotel, ground floor with an area of 3 sqm. The lease term is for a period of one year commencing on February 2018 and has a basic monthly rental fee of ₱30,000 with escalation clause of 10% per annum. In April 2018, the same lease contract was amended to a basic monthly rent of ₱15,000 without escalation, exclusive of VAT. The contract has been renewed in 2020 and shall expire in December 31, 2021.

b. The Parent Company also entered into an agreement of lease with IFoods Group Inc. to lease a 315.5 sqm. area of Winford Hotel and Casino for a lease term of five years from the commencement of operations of the lessee, unless sooner terminated in accordance with the termination clause. Rental rates shall be ₱600 per sqm. per month exclusive of VAT plus 10% of gross sales for the period commencing from the execution of the lease agreement until completion of all hotel rooms and ₱600 per sqm. per month exclusive of VAT plus 7% of gross sales upon completion of all the hotel rooms. Also, the lessee will pay an additional ₱13.78 per sqm for common use service area. The contract also states that base rent shall escalate at a rate to be agreed by both parties. In 2020, due to the effects of the COVID-19 pandemic, the Parent Company has waived the basic rental payments and changed the percentage rental to 7% of dine-in sales valid from June 2020 to December 2020 and shall resume to original terms thereafter. The amendments have reduced the total rent income earned from the concessionaire by ₱1.1 million.

c. The Parent Company entered into a lease contract with Golden Arches Development Corporation to lease a space in Winford Hotel and Casino with an area of 406.14 sqm. The lease term is upon execution of the lease agreement until 10 years after the rental commencement date, unless sooner terminated in accordance with termination clause. Base rental rate is ₱750 per sqm. per month, exclusive of VAT, but subject to 5% withholding tax, or a percentage rental rate at the rate of 5% of gross sales, exclusive of VAT but subject to 5% withholding tax, whichever is higher. The lessee will pay an additional ₱13.78 for the common use service area. The contract also states that base rent shall escalate at a rate to be agreed by both parties. In 2020, due to the effects of the COVID-19 pandemic, the Parent Company has waived the common area charges and basic rental payments and changed the percentage rental to 1% of gross sales valid from June 2020 to December 2020 and is further extended until June 2021.

d. The Parent Company entered into a lease contract with Philippine Seven Corporation for five years commencing July 7, 2016 to lease an area of 45.09 sqm. for a basic rent of ₱1,300 per sqm. plus, a percentage of gross sales (1.5% of gross sales) or minimum guaranteed rent (₱1,500 per sqm. per month), whichever is higher. Rent escalation shall separately apply to both basic rent and minimum guaranteed rent. The lessee will pay an additional ₱160 per sqm for the common service area fee. In July 2019, the Parent Company agreed to amend the contract rates from basic rent per sqm of ₱1,300 to ₱1,000 and removal of minimum guaranteed rent and percentage of gross sales. In 2020, due to the effects of the COVID-19 pandemic, the Parent Company has waived the basic rental payments valid from April 2020 to December 2020 and is further extended until June 2021.

e. The Parent Company also entered into an agreement of lease with SM Kenko Sauna Corporation to lease a 390 sqm. area of Winford Hotel and Casino to be used for spa and salon services. Rental rates shall be ₱650 per sqm. per month exclusive of VAT plus a percentage rental which is 10% of gross revenue from the operations. Rent shall escalate by 7.5% per annum commencing upon lapse of the first two years of lease. In 2018, the Parent Company agreed to amend the rental rates from ₱650 per sqm. to ₱200 per sqm. per month exclusive of VAT, and without rental escalation. The lessee will also pay for an additional ₱13.78 per sqm for the common use service area. On March 2020, due to the COVID-19 pandemic, its operations have been closed and its contract has been terminated.

f. The Parent Company entered into a lease contract with Banco de Oro (BDO) Unibank Inc. to lease a space in Winford Hotel, second floor with an area of 3 sqm. The lease term is for a period of two years commencing on February 1, 2016 and expiring on January 31, 2018. The lease contract was renewed in 2019. The monthly payment amounts to ₱20,000, inclusive of electrical consumption but exclusive of VAT. The contract has been renewed in 2020 and shall expire in December 31, 2022.

g. The Parent Company also entered into an agreement of lease with Choi Garden Manila Corporation for ten years commencing January 7, 2016 to lease a 927 sqm. area of Winford Hotel and Casino to be used for restaurant, dining and banqueting of Chinese food only services. The lessee is subject to 10% of gross sales exclusive of senior citizen discount and VAT. On March 2020, due to the COVID-19 pandemic, its operations have been closed and its contract has been terminated.

h. The Parent Company entered into a lease contract with Maybank Philippines Inc. to lease a space in Winford Hotel and Casino, second floor with an area of 3 sqm. The lease term is for a period of one year commencing on February 2018 and was subsequently renewed. The monthly payment amounts to ₱30,000, inclusive of electrical consumption but exclusive of VAT, for the first quarter of 2018 and ₱15,000 thereafter. On November 2019, the lease contract has been terminated.

i. The Parent Company also entered into an agreement of lease with Globe Telecom, Inc. for ten years starting February 1, 2016 to lease a 6 sqm. area of Winford Hotel and Casino to be used as telecommunication site. The lease is payable at a monthly rate amounting to ₱36,700, net of all taxes and 5% escalation fee on the third year thereafter.

j. The Parent Company also entered into an agreement of lease with Smart Communications, Inc. for five years commencing on November 10, 2016 to lease a 9 sqm. area of Winford Hotel and Casino to be used for satellite services. The lease is payable at a monthly rate amounting to ₱36,700, net of all taxes and 5% escalation fee on the third year thereafter.

k. The Parent Company also entered into an agreement of lease with AIO FX Trade, Inc. for five years commencing on December 18, 2017 to lease a 5.06 sqm. area of Winford Hotel and Casino. AIO FX Trade, Inc is a money changer. The lease is payable at a monthly rate of ₱30,000, inclusive of VAT for the first year, ₱37,000, inclusive of VAT for the second year and 10% escalation fee on the third year thereafter applied on the second-year monthly rate. Aside from this, the lessee will pay for additional ₱50 per sqm for the common use service area. On March 2020, due to the COVID-19 pandemic, its operations have been closed and its contract has been terminated.

l. The Parent Company also entered into an agreement of lease with Andresons Global, Inc. for three years commencing on April 8, 2018 to lease a 14.09 sqm. area of Winford Hotel and Casino to sell high end liquors. The lease is payable at a monthly rate of ₱20,000 exclusive of VAT and no escalation during the lease term, and will have to pay for an additional ₱50 per sqm. for common use service area fee. In 2020, due to the effects of the COVID-19 pandemic, the Parent Company has waived the basic rental payments valid from March 2020 to December 2020 and shall resume to original agreement thereafter.

m. As discussed in Note 12, the Parent Company entered into lease agreement with Mistwood Properties, Inc. (MPI) for the conversion and lease of the parking area and roof-deck of Winford Hotel and Casino to office space of MPI. The lease is for a 9-year period commencing upon completion of the construction plans by which it has not yet started as of December 31, 2019. The lease has a base monthly rental rate of ₱750.0 per sqm which is equivalent to ₱11.8 million, exclusive of VAT with annual escalation of 5%. In addition to the base monthly rental, the lease has common area dues of ₱60.0 per sqm which is equivalent to ₱0.9 million, inclusive of VAT with annual escalation of 5%. During 2019, the Parent Company received ₱35.4 million security deposit from MPI. In 2020, conversion has been suspended indefinitely due to COVID-19 pandemic. No rental income was recognized in 2020 and 2019.

The estimated future minimum lease collections for the above agreements are as follows:

	2020	2019
Within one year	**₱4,111,337**	₱115,624,030
After one year but not more than five years	**543,462,011**	674,994,950
Five years onwards	**784,635,314**	789,166,369
	₱1,332,208,662	₱1,579,785,349

Rent income amounted to ₱12.1 million and ₱25.1 million in 2020 and 2019, respectively. Interest expense on the security deposit amounted to ₱1.1 million and ₱0.3 million in 2020 and 2019, respectively.

Service Agreements

a. The Parent Company also entered into an agreement with a service provider, engaging the latter to provide consultancy, advisory and technical services in relation to the operation, management and development of the hotel including recommendation or proposals on the activities or matters relating to the hotel. The agreement took effect on November 1, 2015 and will continue until terminated in accordance with the provisions of the agreement.

b. The Parent Company also entered into an agreement with a service provider, engaging the latter to provide consultancy, advisory, and technical services in relation to the operation, management and development of the casino. The agreement took effect on November 1, 2015 and will continue until terminated in accordance with the provisions of the agreement.

c. The Parent Company also entered into an agreement with a service provider, engaging the latter to provide communication strategy and planning development, conceptualization, production of advertising materials and marketing of the Parent Company's banquet and hotel rooms.

   Due to COVID-19 crisis, the service providers have waived fees pertaining to March to December 2020. Total service fees recognized in 2020 and 2019 under these agreements amounted to ₱6.3 million and ₱34.8 million, respectively (see Note 24).

   On June 30, 2021, the service providers have also agreed to waive fees for the whole year of 2021.

18. Deposit for Future Stock Subscription

The Parent Company presented the deposit amounting to ₱2.4 billion as "Deposit for future stock subscription" under noncurrent liabilities in the parent company statements of financial position as of December 31, 2020 and 2019, in accordance with FRB No. 6 as issued by the SEC.

As of August 4, 2021, the Parent Company is in the process of applying with the SEC (Note 22).

19. Income Taxes

For income tax purposes, as the entity was granted the permit to operate PAGCOR San Lazaro, the Parent Company's income from casino operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended, otherwise known as the PAGCOR Charter. Under P.D. 1869, earnings derived from the operation of casinos shall be imposed a 5% franchise tax, in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority (see Note 2).

The provision for income tax consists of final tax amounting to ₱26,110 and ₱58,557 in 2020 and 2019, respectively.

As of December 31, 2020 and 2019, no deferred tax assets were recognized as management believes that the Parent Company may not have sufficient future taxable income from its hotel and rental operations against which the deferred tax assets may be applied.

No deferred tax assets will be recognized as it relates to the casino operations since the Parent Company's income from casino operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended (see Note 2). As of December 31, 2020 and 2019, net unrecognized deferred tax assets from its operations other than gaming are composed of the following:

	2020	2019
Deferred tax assets:		
Net operating loss carry over (NOLCO)	**₱583,041,155**	₱654,878,841
Allowance for ECL	**64,703,327**	68,737,445
Allowance for impairment on investment in subsidiary	**6,000,000**	6,000,000
Unearned income	**5,975,748**	4,149,324
Customer deposits	**1,315,592**	1,339,244
Retirement liability	**744,674**	1,948,749
	661,780,496	737,053,603
Deferred tax liabilities:		
Deferred rent income	**920,367**	888,515
Unrealized foreign exchange gain	**170,046**	195,388
Unrealized gain on loan modification	**268,113**	–
	1,358,526	1,083,903
Deferred tax assets – net	**₱660,421,970**	₱735,969,700

As of December 31, 2020, the details of NOLCO is as follows:

NOLCO

On September 30, 2020, the BIR issued Revenue Regulations (RR) No. 25-2020 implementing Section 4 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 consecutive taxable years immediately following the year of such loss.

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

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Available Until
2017	₱762,029,320	₱–	(₱762,029,320)	₱–	2020
2018	701,678,755	–	–	701,678,755	2021
2019	719,221,396	–	–	719,221,396	2022
	₱2,182,929,471	₱–	(₱762,029,320)	₱1,420,900,151	

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 five consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Available Until
2020	₱–	₱522,570,365	₱–	₱522,570,365	2025

The reconciliation of the benefit from income tax based on the accounting income and the actual provision for income tax for years ended December 31 follows:

	2020	2019
Benefit from income tax based on accounting income before income tax	**(₱170,142,989)**	(₱225,658,352)
Additions to (reductions in) income tax resulting from tax effects of:		
Expired NOLCO	**228,608,796**	121,794,713
Movement in unrecognized deferred tax assets	**(75,547,730)**	155,321,940
Loss (income) from gaming operations exempt from income tax	**17,781,969**	(60,199,044)
Nondeductible expenses (nontaxable income) and others	**(58,602)**	8,828,652
Interest income subjected to final tax	**(615,334)**	(29,352)
Provision for income tax	**₱26,110**	₱58,557

Impact of RA No. 11534 or CREATE Act

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax (CIT) and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Parent Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 for financial reporting purposes.

Applying the provisions of the CREATE Act, the Parent Company would have been subjected to lower regular corporate income tax rate of 27.5% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 05-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Parent Company for CY2020 is 27.5%. This has no impact to the Parent Company provision for current income tax and income tax payable as of December 31, 2020 as the Parent Company is in net operating loss position amounting to ₱522.6 million.
- The Parent Company does not recognize deferred tax assets as of December 31, 2020. This is not expected to impact the parent company financial statements in 2021.

20. PEZA Registration

On February 10, 2015, the Parent Company's registration as an Ecozone Tourism Enterprise for the development and operation of tourist, leisure and entertainment facilities is approved by Philippine Economic Zone Authority (PEZA).

As provided in its Registration Agreement dated February 24, 2015, the Parent Company shall be entitled only to tax and duty-free importation and zero-VAT rating on local purchases of capital equipment in accordance with PEZA Board Resolution No. 12-610 dated November 13, 2012, except for casino operations and other gaming/gambling operations, if any, subject to all evaluation and/or processing requirements and procedures prescribed under PEZA Rules and Regulations, pertinent circulars and directives.

21. Related Party Transactions

Entities and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Parent Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Parent Company. Entities and individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the entity, key management personnel, including directors and officers of the Parent Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Transactions with Related Parties

In the ordinary course of business, the Parent Company has significant transactions with related parties as follows:

Party	Amount/Volume		Receivable (Payable)		Financial Statements Account	Terms	Conditions
	2020	2019	**2020**	2019			
Subsidiary							
TSLC	**(₱4,301,282)**	₱28,623,147	**₱114,441,618**	₱118,742,900	Advances to related parties	Non-interest bearing	Unsecured, unguaranteed
Stockholder Manila Jockey Club, Inc. (MJCI)							
Deposit for future stock subscription (Note 18)	**₱–**	₱84,000,000	**(₱321,233,646)**	(₱321,233,646)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances [(a)] (Note 14)	**(11,285)**	–	**(4,982,104)**	(4,970,819)	Advances from related parties	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Commission from the off-track betting [(b)] (Note 7)	**(41,389)**	105,701	**418,347**	459,736	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Various Shareholders Deposit for future stock subscription (Note 18)	–	200,300,651	**(2,105,268,102)**	(2,105,268,102)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed

(Forward)

Party	Amount/Volume 2020	Amount/Volume 2019	Receivable (Payable) 2020	Receivable (Payable) 2019	Financial Statements Account	Terms	Conditions
Advances from stockholders [d]	**₱102,704,215**	₱343,581,012	**(₱446,285,227)**	(₱343,581,012)	Advances from stockholders	Interest-bearing and non-interest bearing	Unsecured, unguaranteed
Interest payable on advances from stockholders [c]	**13,534,528**	1,623,611	**(15,158,139)**	(1,623,611)	Interest payable	Non-interest bearing;	Unsecured, unguaranteed
Affiliate							
Manila Cockers Club, Inc. (MCI) Commission from the off-track betting [d], [e] (Note 7)	–	2,899,564	–	54,187	Receivable	Noninterest bearing due and demandable	Unsecured, unimpaired
			₱2,426,501,748	₱2,426,501,748	Deposit for future stock subscription		
			109,459,514	113,772,081	Advances from related parties		
			418,347	513,923	Receivable		
			446,285,227	343,581,012	Advances from stockholders		
			15,158,139	1,623,611	Interest payable		

[a] Advances of the Parent Company to its subsidiary were provided to fund the payment of license fees to PAGCOR in consideration of the grant given by PAGCOR authorizing TSLC to bring in pre-registered foreign players to play in the designated junket gaming areas within PAGCOR San Lazaro.
[b] The Parent Company obtains advances for expenses such as office rental, utilities and other allowances of the Parent Company's employees.
[c] Share of the Parent Company on horse racing gross bets from off track betting station of MJCI located at Winford Hotel and Casino.
[d] The Parent Company obtains interest bearing advances from stockholders for additional funding on its capital expenditures. The payable amount is gross of discount on non-interest bearing advances from shareholders amounting to ₱9,970,642 and nil in 2020 and 2019, respectively.
[e] Share of the Parent Company on cockfighting gross bets from off track betting station of MCI located at Winford Hotel and Casino.
[f] MCI is an affiliate through a common stockholder, MJCI.

Key Management Personnel
Total key management personnel compensation of the Parent Company amounted to ₱26.5 million and ₱35.1 million as of December 31, 2020 and 2019, respectively. The compensations are short-term employee benefits.

The Parent Company has no standard arrangement with regard to the remuneration of its directors. In 2020 and 2019, the BOD received directors' fees aggregating to ₱0.9 million and ₱0.7 million, respectively (Note 24).

22. Equity

Capital Stock
The Parent Company has a total of 5,000,000,000 authorized shares, 3,174,405,821 issued and subscribed shares at ₱1.00 par value. The total issued, outstanding, and subscribed capital are held by 433 equity holders for the years 2020 and 2019.

On April 12, 2018, the BOD approved the conduct of a stock rights offering in order to raise additional capital. The total number of shares to be issued is 1,587,202,910 common shares and the stock offer price shall be at ₱1.00 per share. The entitlement ratio shall be one right share for every two common shares held as of record date.

On September 17, 2018, the BOD approved the offer price for the rights shall be ₱1.00 right per share, if paid in full upon submission on the application to subscribe, or ₱2.00 rights per share, if paid on installment basis. As of August 4, 2021, the stock rights offering is still pending approval of SEC.

23. **Basic/Diluted Loss Per Share**

	2020	2019
Net loss	**₱567,169,408**	₱752,253,063
Divided by weighted average number of outstanding common shares	**3,174,405,821**	3,174,405,821
Basic/diluted losses per share	**₱0.179**	₱0.237

The Parent Company has no potential dilutive common shares as of December 31, 2020 and 2019. Therefore, the basic and diluted loss per share are the same as of those dates.

24. **Operating Costs and Expenses**

	2020	2019
Depreciation and amortization (Notes 11, 12 and 13)	**₱280,288,947**	₱430,921,727
Salaries and wages	**64,666,181**	79,016,128
Utilities	**57,545,363**	93,983,063
Taxes and licenses	**51,348,115**	44,106,631
Repairs and maintenance	**40,398,581**	44,639,054
Contracted services	**31,727,740**	88,993,175
Security services	**20,028,847**	41,985,517
Advertising and marketing	**18,437,847**	32,639,466
Food, beverage, and tobacco	**13,462,213**	44,379,030
Hotel room and supplies	**11,885,174**	22,146,015
Insurance	**8,302,163**	6,415,174
Provision for ECL (Note 7)	**7,961,475**	173,947,717
Professional fees	**7,782,520**	12,380,511
Communication	**7,268,015**	7,385,551
Service fee (Note 17)	**6,253,571**	34,780,715
Transportation and travel	**6,140,923**	7,688,775
Gaming fees (Note 2)	**5,688,253**	33,497,186
Banquet expenses	**4,254,816**	21,171,297
Entertainment	**2,693,856**	13,949,007
Rent	**1,561,643**	2,977,415
Meetings and conferences	**1,401,096**	1,533,809
Supplies	**1,359,687**	3,787,909
Commission	**1,352,842**	1,926,430
Retirement (Note 16)	**1,341,597**	3,094,974
Directors' fees (Note 21)	**867,000**	675,000
Impairment loss on investment in subsidiary (Note 21)	–	20,000,000
Others	**10,192,423**	40,963,915
	₱664,210,888	₱1,308,985,191

25. **Operating Segment Information**

The Parent Company has two operating segments in 2020 and 2019. Gaming segment pertains to casino operations while non-gaming pertains to hotel operations. Management monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the total comprehensive loss on the parent company financial statements. The Parent Company's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Segment Revenue and Expenses
The segment results for the years ended December 31, 2020 and 2019 are as follows:

	2020		
	Gaming	**Non-gaming**	**Total**
Revenue	**₱161,885,244**	**₱59,473,593**	**₱221,358,837**
Operating costs and expenses	**(221,158,473)**	**(443,052,415)**	**(664,210,888)**
Other expenses – net	**–**	**(124,291,247)**	**(124,291,247)**
Provision for income tax	**–**	**(26,110)**	**(26,110)**
Net loss	**(₱59,273,229)**	**(₱507,896,179)**	**(₱567,169,408)**

	2019		
	Gaming	Non-gaming	Total
Revenue	₱546,144,104	₱196,294,920	₱742,439,024
Operating costs and expenses	(457,393,312)	(851,591,879)	(1,308,985,191)
Other expenses – net	–	(185,648,339)	(185,648,339)
Provision for income tax	–	(58,557)	(58,557)
Net income (loss)	₱88,750,792	(₱841,003,855)	(₱752,253,063)

Segment Assets and Liabilities and Other Information
The segment assets, liabilities, capital expenditures and other information as of and for the years ended December 31, 2020 and 2019 are as follows:

	2020		
	Gaming	**Non-gaming**	**Total**
Assets	**₱1,417,372,636**	**₱4,248,408,682**	**₱5,665,781,318**
Liabilities	**299,495,609**	**5,549,703,313**	**5,849,198,922**
Capital expenditures	**564,253**	**13,238,528**	**13,802,781**
Interest income	**–**	**2,138,149**	**2,138,149**
Depreciation and amortization	**73,547,836**	**206,741,111**	**280,288,947**

	2019		
	Gaming	Non-gaming	Total
Assets	₱1,724,172,445	₱4,350,727,757	₱6,074,900,202
Liabilities	267,607,794	5,431,252,967	5,698,860,761
Capital expenditures	32,242,481	21,820,047	54,062,528
Interest income	–	293,031	293,031
Depreciation and amortization	101,422,119	329,499,608	430,921,727

26. **Financial Risk Management Objectives and Policies and Fair Value Measurement**

The Parent Company's financial instruments comprise of cash, receivables (excluding "advances from employees"), deposits (presented as part of "Other current assets" in the parent company financial statements), noncurrent portion of receivable arising from PTO and long-term deposits (presented as part of "Other noncurrent assets" in the parent company financial statements), accounts payable and other current liabilities (excluding "withholding taxes payable"), retention payable, interest payable and loans payable. The main purpose of these financial instruments is to finance the Parent Company's operations. The main risks arising from the use of these financial instruments include credit risk and liquidity risk. The Parent Company's BOD reviews and approves the policies for managing these risks and these are summarized below.

Credit Risk

Credit risk arises because the counterparty may fail to discharge its contractual obligations. As a matter of policy, the Parent Company limits its maximum exposure to credit risk to the amount of carrying value of the instruments. The Parent Company transacts only with related parties and with recognized and creditworthy third parties. Receivable balances are monitored on an ongoing basis. Further, management intensifies its collection efforts to collect from defaulting third parties.

The table below shows the maximum exposure to credit risk of the Parent Company as at December 31, 2020 and 2019 as follows:

	2020	2019
At amortized cost/loans and receivables:		
Cash* (Note 6)	**₱19,139,102**	₱33,829,244
Receivables** (Note 7)	**200,836,017**	215,365,320
Deposits (Note 10)	**4,191,787**	3,408,320
Long-term deposits (Note 13)	**6,267,386**	6,964,000
Receivable arising from PTO related to gaming equipment - net of current portion (Note 13)	**331,107,901**	391,670,199
	₱561,542,193	₱651,237,083

**Excluding cash on hand amounting to ₱1,910,279 and ₱7,242,499 as of December 31, 2020 and, 2019, respectively.*
***Excluding advances to employees amounting to ₱3,246,805 and ₱1,935,216 as of December 31, 2020 and, 2019, respectively.*

As of December 31, 2020, and 2019, the aging analysis of receivables is as follows:

			Past due but not impaired					
2020	**Total**	**Neither past due nor impaired**	**Less than 30 days past due**	**31 to 60 days past due**	**61 to 90 days past due**	**91 to 180 days past due**	**More than 180 days past due**	**Impaired**
Trade:								
Non-related parties	**₱67,149,684**	**₱19,504,043**	**₱2,213,768**	**₱502,416**	**₱1,712,900**	**₱–**	**₱35,334,335**	**₱7,882,222**
Related parties	**418,347**	**418,347**	–	–	–	–	–	–
Nontrade	**125,681,357**	–	–	–	–	–	**15,299,440**	**110,381,917**
Advances to related parties	**114,441,618**	–	–	–	–	–	**17,028,000**	**97,413,618**
Receivable arising from PTO	**439,930,669**	**439,690,546**	–	**155,357**	–	–	**84,766**	–
	₱747,621,675	**₱459,612,936**	**₱2,213,768**	**₱657,773**	**₱1,712,900**	**₱–**	**₱67,746,541**	**₱215,677,757**

2019	Total	Neither past due nor impaired	Past due but not impaired: Less than 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 180 days past due	More than 180 days past due	Impaired
Trade:								
Non-related parties	₱88,266,630	₱30,490,259	₱2,381,127	₱2,382,493	₱2,282,574	₱6,465,856	₱44,264,321	₱–
Related parties	513,923	513,923	–	–	–	–	–	–
Nontrade	110,381,917	–	–	–	–	–	–	110,381,917
Advances to related parties	118,742,900	–	–	–	–	–	–	118,742,900
Receivable arising from PTO	518,254,966	518,129,515	–	–	–	–	125,451	–
	₱836,160,336	₱549,133,697	₱2,381,127	₱2,382,493	₱2,282,574	₱6,465,856	₱44,389,772	₱229,124,817

The table below shows the credit quality of the Parent Company's neither past due nor impaired receivables as of December 31, 2020 and 2019, based on the Parent Company's experience with its debtor's ability to pay:

	2020			
	Grade A	**Grade B**	**Grade C**	**Total**
Trade:				
Non-related parties	**₱17,889,544**	**₱376,746**	**₱1,237,753**	**₱19,504,043**
Related parties	**418,347**	**–**	**–**	**418,347**
Receivable arising from PTO	**439,690,546**	**–**	**–**	**439,690,546**
	₱457,998,437	**₱376,746**	**₱1,237,753**	**₱459,612,936**

	2019			
	Grade A	Grade B	Grade C	Total
Trade:				
Non-related parties	₱26,106,014	₱580,964	₱3,803,281	₱30,490,259
Related parties	513,923	–	–	513,923
Receivable arising from PTO	518,129,515	–	–	518,129,515
	₱544,749,452	₱580,964	₱3,803,281	₱549,133,697

The credit quality of the financial assets was determined as follows:

- Grade A
  This includes cash deposited with banks having good reputation and bank standing and receivables from customers or affiliates that always pay on time or even before the maturity date.
- Grade B
  This includes receivables that are collected on their due dates provided that they were reminded or followed up by the Parent Company.
- Grade C
  This includes receivables which are still collected within their extended due dates.

Liquidity Risk

Liquidity risk is defined as the risk that the Parent Company would not be able to settle or meet its obligations on time or at a reasonable price. The Parent Company's objective is to maintain a balance between continuity of funding and flexibility by regularly evaluating its projected and actual cash flows and through the use of bank loans and extension of suppliers' credit terms. The Parent Company maximizes the net cash inflows from operations to finance its working capital requirements.

On July 23, 2021, the bank provided a revised principal and interest payment scheme to the Parent Company, which the Parent Company accepted, due to the continuing COVID-19 situation affecting the Parent Company (see Note 15).

On July 30, 2021, a local bank provided the Parent Company with a credit line facility amounting to ₱400.0 million. The unused credit line as of August 4, 2021 amounted to ₱400.0 million (see Note 15).

The tables below summarize the maturity profile of the Parent Company's financial liabilities as at December 31, 2020 and 2019 based on contractual undiscounted payments.

	2020			
	Due and Demandable	**Less than 1 year**	**1 year or above**	**Total**
Loans payable*	**₱–**	**₱276,209,870**	**₱2,504,005,465**	**₱2,780,215,335**
Accounts payable and other current liabilities**	**4,982,104**	**586,412,386**	**–**	**591,394,490**
Retention payable	**7,934,014**	**–**	**–**	**7,934,014**
Interest payable	**–**	**34,595,539**	**–**	**34,595,539**
Advances from stockholders*	**–**	**–**	**446,285,227**	**446,285,227**
	₱12,916,118	**₱897,217,795**	**₱2,950,290,692**	**₱3,860,424,605**

**Including interest payable.*
***Excluding contract liabilities and withholding taxes payable amounting to ₱16,558,725 and ₱1,795,539, respectively.*

	2019			
	Due and Demandable	Less than 1 year	1 year or above	Total
Loans payable*	₱–	₱328,009,854	₱2,642,251,920	₱2,970,261,774
Accounts payable and other current liabilities**	4,970,819	496,087,237	–	501,058,056
Retention payable	8,795,678	–	–	8,795,678
Interest payable	–	15,216,781	–	15,216,781
Advances from stockholders*	–	–	343,581,012	343,581,012
	₱13,766,497	₱839,313,872	₱2,985,832,932	₱3,838,913,301

**Including interest payable.*
***Excluding contract liabilities and withholding taxes payable amounting to ₱15,936,652 and ₱2,232,287 respectively. .*

The following tables show the profile of financial assets used by the Parent Company to manage its liquidity risk:

	2020			
	Due and Demandable	**Less than 1 year**	**1 year or above**	**Total**
At amortized cost:				
Cash in banks	**₱19,139,102**	**₱–**	**₱–**	**₱19,139,102**
Receivables	**80,371,200**	**120,521,377**	**331,107,900**	**532,000,477**
Deposits	**–**	**4,191,787**	**–**	**4,191,787**
Long-term deposits	**–**	**–**	**6,267,386**	**6,267,386**
	₱99,510,302	**₱124,713,164**	**₱337,375,286**	**₱561,598,752**

	2019			
	Due and Demandable	Less than 1 year	1 year or above	Total
At amortized cost:				
Cash in banks	₱33,829,244	₱–	₱–	₱33,829,244
Receivables	57,901,821	175,405,498	391,670,120	607,035,519
Deposits	–	3,408,320	–	3,408,320
Long-term deposits	–	–	6,964,000	6,964,000
	₱91,731,065	₱178,813,818	₱398,634,120	₱651,237,083

As discussed in Note 22, the Parent Company's BOD approved the conduct of a stock rights offering in order to raise additional capital which will be used for debt servicing requirements. In addition, the Parent Company will consider raising additional cash from shareholders or long-term loans.

Changes in liabilities arising from financing activities

	December 31, 2019	**Cash flows**	**Others***	**December 31, 2020**
Loans payable	**₱2,337,677,890**	**(₱47,100,000)**	**₱2,204,777**	**₱2,292,782,667**
Advances from stockholders	**343,581,012**	**102,704,215**	**(9,970,642)**	**436,314,585**
Restricted cash	**(163,271,629)**	**59,708,998**	**–**	**(103,562,631)**
Interest payable	**15,216,781**	**(130,067,342)**	**155,084,102**	**40,233,541**
Total liabilities from financing activities	**₱2,533,204,054**	**(₱14,754,129)**	**₱147,318,237**	**₱2,665,768,162**

**Others include accrual of interest from interest-bearing loans, discount on non-interest bearing advances from stockholders and accretion of loans payable..*

	December 31, 2018	Cash flows	Others*	December 31, 2019
Loans payable	₱2,786,509,587	(₱462,622,500)	₱13,790,803	₱2,337,677,890
Advances from stockholders	–	343,581,012	–	343,581,012
Restricted cash	–	(163,271,629)	–	(163,271,629)
Deposit for future stock subscription	2,142,201,097	284,300,651	–	2,426,501,748
Interest payable	15,925,877	(187,818,869)	187,109,773	15,216,781
Total liabilities from financing activities	₱4,944,636,561	(₱185,831,335)	₱200,900,576	₱4,959,705,802

**Others include accrual of interest from interest-bearing loans and advances from stockholders, other financing charges and accretion of loans payable.*

Fair Value Measurement

The carrying values of cash, receivables, deposits, accounts payable and other current liabilities (excluding "withholding taxes payable") approximate their fair values due to the short-term nature of these accounts.

The fair values of receivable arising from PTO related to gaming equipment, long-term deposits and loans payable were based on the present value of estimated future cash flows using interest rates that approximate the interest rates prevailing at the reporting date. The carrying values and fair value of receivable arising from PTO related to gaming equipment, long-term deposits and loans payable are as follows:

	2020		2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Receivable arising from PTO related to gaming equipment	**₱412,091,165**	**₱498,257,876**	₱462,911,847	₱594,195,697
Long-term deposits	**6,267,386**	**6,267,386**	6,964,000	6,964,000
	₱418,358,551	**₱504,525,262**	₱469,875,847	₱601,159,697

	2020		2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Liabilities				
Advances from stockholders	**₱447,908,838**	**₱455,805,365**	₱345,204,623	₱345,204,623
Loans payable	**2,292,782,667**	**2,292,782,667**	2,337,637,890	2,337,637,890
	₱2,740,691,505	**₱2,748,588,032**	₱2,682,842,513	₱2,682,842,513

As of December 31, 2020, and 2019, the Parent Company's financial assets and liabilities are measured at fair value under the Level 2 hierarchy. There were no financial instruments carried at fair value as of December 31, 2020 and 2019.

As of December 31, 2020, the aggregate fair value of the Parent Company's investment property amounted to ₱1.3 billion. The Group estimates the recoverable amount of the investment property based on value in use. Value in use calculations use pre-tax cash flow projections based on the prospective financial information using 9 year forecast of cash flows relating to its lease contract. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the coronavirus pandemic. These fair values was classified as Level 3 in 2020 as to the qualification of fair value hierarchy.

27. Working Capital and Capital Management

The primary objective of the Parent Company's working capital and capital management is to ensure that the Parent Company has sufficient funds in order to support its business, pay existing obligation and maximize stockholders' value. The Parent Company considers its total equity, including deposit for future stock subscription, amounting to ₱2.2 billion and ₱2.8 billion as its capital as of December 31, 2020 and 2019, respectively.

The Parent Company maintains a capital base to cover risks inherent in the business. The Parent Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Parent Company may return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The Parent Company monitors working capital and capital on the basis of current ratio and debt-to-equity ratio. On August 2020, due to COVID-19 crisis, the bank has granted the Parent Company waiver for quarterly calculation of debt-to-equity ratio until September 2021. In July 2021, this was further deferred to 2023 (see Note 15).

In computing the debt-to-equity ratio, the 'deposits for future stock subscription' formed part of the total shareholders' equity, as the deposits are considered as future additional shareholders' interest in the Parent Company.

Current ratio and debt-to-equity ratio of the Parent Company are as follows:

	2020	2019
Total current assets	**₱370,339,980**	₱475,707,247
Total current liabilities	**794,152,391**	726,903,359
Current ratio	**0.47**	0.65
Total liabilities, excluding deposit for future stock subscription	**₱3,422,697,174**	₱3,272,359,013
Total equity	**2,243,084,144**	2,802,541,189
Debt-to-equity ratio	**1.53**	1.17

The Parent Company's strategy is to maintain a sustainable current ratio and debt-to-equity ratio. The Parent Company managed to defer the principal payments of its loans payable from July 2021 to January 2023 and obtained a credit line amounting to ₱400.0 million.

28. **Subsequent Events**

a. On July 23, 2021, the Parent Company obtained the approval of its creditor bank to amend the principal repayments, loan covenants and the waiver of restrictions with respect to quarterly calculation of debt-equity and debt service coverage ratio (see Note 15). This event is considered as non-adjusting and will affect the current and noncurrent classification of the loans payable in the 2021 consolidated financial statements.

b. On July 30, 2021, the Parent Company obtained the approval of its credit line facility amounting to ₱400.0 million (see Note 15).

29. **Supplementary Information Required Under RR No. 15-2010**

On November 25, 2010, the Bureau of Internal Revenue issued RR No. 15-2010 to amend certain provisions of RR 21-2002 prescribing the matter of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements accompanying the tax returns. It requires the disclosure of taxes, duties and licenses paid or accrued during the year.

The Parent Company also reported and/or paid the following types of taxes for the year ended December 31, 2020.

a. The Parent Company has VAT output tax declaration of ₱5.6 million in 2020 based on the amount reflected in the revenue from hotel and food and beverage and other revenue arising from sale of tobacco amounting to ₱46.4 million.

   The Parent Company's revenue share in gaming operations is exempt from VAT as mentioned in P.D. 1869. The Parent Company is subject to 5% franchise tax, which shall be in lieu of all other taxes, including income tax and VAT.

   The following table shows the sources of input VAT claimed:

Balance at beginning of the year	₱412,794,125
Purchases of:	
Goods other than for resale	3,291,732
Services lodged under other accounts	13,829,019
Claims for tax credit/refund and other adjustments	(5,564,424)
Balance at end of the year	₱424,350,452

b. Other taxes and licenses

   Details consist of the following:

National	
Filing and listing fees	₱1,024,921
Documentary stamp taxes	1,277,342
Public performance license	118,970
Custom duties and taxes	12,500
BIR registration	500
	2,434,233

Local	
Real property tax	47,616,550
Business permit	740,829
PEZA permit	345,849
Inspection fee	115,055
Barangay clearance certificate	23,000
Advertising billboard permit	4,949
Notarial services	4,200
Hotel permit	1,000
Others	62,450
	48,913,882
Total	₱51,348,115

The Parent Company incurred franchise tax amounting to ₱14.1 million from its gaming operations and is offset against "Revenue share in gaming operations" account.

The Parent Company did not have any importations or purchases of any products subject to excise tax. Details of the Parent Company's withholding taxes in 2020 are as follows:

Expanded withholding taxes	₱7,439,551
Withholding taxes on compensation	4,196,228
Final withholding tax	2,761,418
Total	₱14,397,197

Tax Assessments or Tax Cases

The Parent Company is currently not involved in any tax cases, preliminary investigations, litigation and/or prosecution in courts outside of the BIR.

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
Tue 8/10/2021 11:43 PM
To: financial reporting <financial.reporting@winfordmanila.com>
Cc: Amie Bordallo <Amie.Bordallo@winfordmanila.com>

Hi MJC INVESTMENTS CORPORATION,

Valid files

- EAFS000596509RPTTY122020.pdf
- EAFS000596509ITRTY122020.pdf
- EAFS000596509AFSTY122020.pdf
- EAFS000596509OTHTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-8EHBD68B0ECK9DF9PYR2PR4N07GLKJKB9**
Submission Date/Time: **Aug 10, 2021 11:29 PM**
Company TIN: **000-596-509**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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C O V E R   S H E E T

for

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

	0	0	0	0	0	1	0	0	2	0

COMPANY NAME

MJC INVESTMENTS CORPORATION
DOING BUSINESS UNDER THE NAME
AND STYLE OF WINFORD LEISURE
AND ENTERTAINMENT COMPLEX AND
WINFORD HOTEL AND CASINO

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

Winford Hotel and Casino, MJC
Drive, Sta. Cruz, Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
–	(02)8632-7373	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
433	12/04	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Joemar Onnagan	joemar.onnagan @winfordmanila.com	(02)8528-3600 (loc. 1132)	(+63) 917-595-5222

CONTACT PERSON's ADDRESS

Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila

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.*

MJC INVESTMENTS CORP.

Winford Hotel & Casino, MJC Drive, Sta. Cruz, Manila
Tel. No. 528-3600

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **MJC INVESTMENTS CORPORATION** Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary ("the Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, in accordance with Philippine Financial Reporting Standards, 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 Group's ability to continue as 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.

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

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

SyCip, Gorres, Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Alfonso R. Reyno, Jr.
Chairman of the Board and Chief Executive Officer

Jose Alvaro D. Rubio
Treasurer and Chief Financial Officer

SUBSCRIBED AND SWORN to before me AUG 04 2021 day of ________ at PASIG CITY affiants exhibiting to me their Taxpayer Identification Numbers as follows

	TIN Nos.	Date/Place Issued
Alfonso R. Reyno, Jr.	TIN: 114-555-166	Manila, Philippines
Jose Alvaro D. Rubio	TIN: 109-945-552	Manila, Philippines

Doc. No. 81;
Page No. 18;
Book No. IX;
Series of 2021.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 88 (2020-2021)
DECEMBER 31, 2021
PTR NO. 6440484/1-7-2020/PASIG
IBP NO. 105410/1-7-2020/MAKATI
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY NO. 57018

SGV
Building a better working world

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure
And Entertainment Complex and Winford Hotel and Casino
Winford Hotel and Casino, MJC Drive
Sta. Cruz, Manila

Opinion

We have audited the consolidated financial statements of MJC INVESTMENTS CORPORATION [Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino] and its subsidiary (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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Group has incurred continuing losses of ₱589.0 million, ₱642.1 million and ₱746.1 million in 2020, 2019 and 2018, respectively, resulting to a capital deficiency of ₱182.9 million as at December 31, 2020. The COVID-19 outbreak and the measures taken have continually caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. Consequently, the Group's casino and hotel operations have also been disrupted, resulting to limited operations, until such time that the quarantine period is lifted. Furthermore, the Group's current liabilities exceeded its current assets by ₱423.4 million and ₱230.7 million as at December 31, 2020 and 2019, respectively. As stated in Note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report. 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 the 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.

Assessment of Impairment of Property and Equipment and Investment Properties

As a result of the continuing community quarantines and restricted travel, the Group's revenue from casino and hotel and restaurant operations continues to be adversely affected by the lower number of operating days and guests. In addition, the lessee's operations have not yet commenced due to the suspension of its construction activities in the Group's investment properties, brought about by the coronavirus pandemic. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and investment properties amounting to ₱3,766.1 million and ₱744.6 million, respectively, as of December 31, 2020. This impairment testing is significant to our audit because the amounts involved are material to the consolidated financial statements. The assessment of the recoverable amount of property and equipment and investment properties involves significant management judgment, estimation and assumptions about forecasted cashflow and discount rate, among others. In addition, there is a higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic.

The Group's policy on impairment assessment are disclosed in Note 5 to the consolidated financial statements while the carrying values of property and equipment and investment properties are included in Notes 11 and 12, respectively, to the consolidated financial statements.

Audit Response

We obtained the Group's cash flow forecast and involved our internal specialist in evaluating the methodology and assumptions used in the forecasted cash flow and discount rate. We compared the key assumptions used such as revenue growth against industry forecast and lease contract, and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the coronavirus pandemic. We also reviewed the forecasted costs and expenses based on the Group's historical performance and current business environment. We tested the parameters used in the determination of discount rate by comparing it against market data. We also reviewed the Group's disclosure 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 and investment properties.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A and Annual Report 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) for the year ended December 31, 2020, which is 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 Jaime F. del Rosario.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
SEC Accreditation No. 0076-AR-5 (Group A),
April 30, 2019, valid until April 29, 2022
Tax Identification No. 102-096-009
BIR Accreditation No. 08-001998-072-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534239, January 4, 2021, Makati City

August 4, 2021

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Note 6)	**₱21,049,397**	₱41,787,422
Receivables (Note 7)	**204,083,822**	238,243,536
Inventories (Note 8)	**20,206,354**	25,161,248
Input value-added tax (VAT) - current (Note 9)	**10,931,369**	16,781,594
Other current assets (Note 10)	**114,073,654**	175,518,066
Total Current Assets	**370,344,596**	497,491,866
Noncurrent Assets		
Property and equipment (Note 11)	**3,766,120,571**	4,002,086,816
Investment properties (Note 12)	**744,573,541**	774,356,482
Input VAT - net of current portion (Note 9)	**440,789,218**	418,620,752
Other noncurrent assets (Note 13)	**344,061,052**	404,298,804
Total Noncurrent Assets	**5,295,544,382**	5,599,362,854
TOTAL ASSETS	**₱5,665,888,978**	₱6,096,854,720
LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		
Current Liabilities		
Accounts payable and other current liabilities (Note 14)	**₱607,524,451**	₱518,842,944
Retention payable (Note 11)	**7,934,014**	8,795,678
Interest payable (Notes 15 and 21)	**40,233,541**	15,216,781
Current portion of loans payable (Note 15)	**138,039,293**	185,287,516
Total Current Liabilities	**793,731,299**	728,142,919
Noncurrent Liabilities		
Advances from stockholders (Note 21)	**436,314,585**	343,581,012
Loans payable - net of current portion (Note 15)	**2,154,743,374**	2,152,350,374
Deposit for future stock subscription (Notes 18 and 21)	**2,426,501,748**	2,426,501,748
Other noncurrent liabilities (Notes 16 and 17)	**37,486,824**	47,900,657
Total Noncurrent Liabilities	**5,055,046,531**	4,970,333,791
Total Liabilities	**5,848,777,830**	5,698,476,710
Equity (Capital Deficiency)		
Capital stock (Note 22)	**3,174,405,821**	3,174,405,821
Deficit	**(3,365,294,240)**	(2,776,315,015)
Actuarial gains on retirement liability (Note 16)	**7,999,567**	287,204
Net Equity (Capital Deficiency)	**(182,888,852)**	398,378,010
TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)	**₱5,665,888,978**	₱6,096,854,720

See accompanying Notes to Consolidated Financial Statements.

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUE			
Revenue share in gaming operations (Note 17)	**₱152,970,083**	₱494,548,180	₱365,872,325
Hotel	**24,059,292**	67,402,013	90,124,116
Food and beverage	**19,042,942**	86,018,597	78,603,365
Rental (Note 17)	**12,096,250**	25,057,408	27,369,552
Bingo operations	**8,915,161**	51,497,934	45,805,234
Other revenue	**4,275,109**	18,637,766	15,260,167
	221,358,837	743,161,898	623,034,759
OPERATING COSTS AND EXPENSES (Note 24)	**(664,389,033)**	(1,199,566,612)	(1,179,639,463)
OPERATING LOSS	**(443,030,196)**	(456,404,714)	(556,604,704)
OTHER INCOME (EXPENSES)			
Interest expense and other financing charges (Notes 15, 17 and 21)	**(148,507,290)**	(201,271,813)	(189,478,166)
Interest income (Notes 6 and 10)	**2,138,149**	316,379	528,936
Gain on sale of kitchen and bar equipment (Note 11)	–	13,428,161	–
Miscellaneous income (expenses) - net	**446,222**	1,902,282	(411,657)
	(145,922,919)	(185,624,991)	(189,360,887)
LOSS BEFORE INCOME TAX	**(588,953,115)**	(642,029,705)	(745,965,591)
PROVISION FOR INCOME TAX (Note 19)	**(26,110)**	(63,227)	(94,656)
NET LOSS	**(588,979,225)**	(642,092,932)	(746,060,247)
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gain (loss) on defined benefit obligation (Note 16)	**7,712,363**	(2,047,307)	1,645,945
TOTAL COMPREHENSIVE LOSS	**(₱581,266,862)**	(₱644,140,239)	(₱744,414,302)
Basic/Diluted Loss Per Share (Note 23)	**₱0.186**	₱0.202	₱0.235

See accompanying Notes to Consolidated Financial Statements.

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino AND SUBSIDIARY

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

	Capital Stock (Note 22)	Deficit	Actuarial gains on retirement liability (Note 16)	Total
BALANCES AT DECEMBER 31, 2017	**₱3,174,405,821**	**(₱1,388,161,836)**	**₱688,566**	**₱1,786,932,551**
Net loss	–	(746,060,247)	–	(746,060,247)
Other comprehensive income	–	–	1,645,945	1,645,945
Total comprehensive income (loss)	–	(746,060,247)	1,645,945	(744,414,302)
BALANCES AT DECEMBER 31, 2018	**₱3,174,405,821**	**(₱2,134,222,083)**	**₱2,334,511**	**₱1,042,518,249**
Net loss	–	(642,092,932)	–	(642,092,932)
Other comprehensive loss (Note 16)	–	–	(2,047,307)	(2,047,307)
Total comprehensive loss	–	(642,092,932)	(2,047,307)	(644,140,239)
BALANCES AT DECEMBER 31, 2019	**₱3,174,405,821**	**(₱2,776,315,015)**	**₱287,204**	**₱398,378,010**
Net loss	–	(588,979,225)	–	(588,979,225)
Other comprehensive income (Note 16)	–	–	7,712,363	7,712,363
Total comprehensive income (loss)	–	(588,979,225)	7,712,363	(581,266,862)
BALANCES AT DECEMBER 31, 2020	**₱3,174,405,821**	**(₱3,365,294,240)**	**₱7,999,567**	**(₱182,888,852)**

See accompanying Notes to Consolidated Financial Statements.

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱588,953,115)**	(₱642,029,705)	(₱745,965,591)
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 13 and 24)	**280,355,802**	431,056,540	514,951,145
Interest expense and other financing charges (Notes 15, 17 and 21)	**148,507,290**	201,271,813	189,478,166
Interest income (Note 6)	**(2,138,149)**	(316,379)	(528,936)
Retirement benefit expense (Notes 16 and 24)	**1,341,597**	3,094,974	4,287,775
Unrealized foreign exchange loss (gain)	**84,472**	18,021	(669,312)
Gain on sale of disposal of kitchen and bar equipment (Note 11)	**–**	(13,428,161)	–
Operating loss before working capital changes	**(160,802,103)**	(20,332,897)	(38,446,753)
Decrease (increase) in:			
Receivables	**34,159,714**	(8,347,694)	2,610,484
Inventories	**4,954,892**	(4,565,279)	7,672,727
Input VAT	**(16,318,241)**	(35,018,697)	(37,811,775)
Other current assets	**1,735,414**	7,455,877	24,945,283
Increase (decrease) in:			
Accounts payable and other current liabilities	**88,681,507**	(49,772,048)	251,939,268
Retention payable	**(861,664)**	(129,657,747)	(140,720,768)
Other noncurrent liabilities	**(5,192,119)**	34,164,241	–
Net cash generated from (used in) operations	**(53,642,600)**	(206,074,244)	70,188,466
Income taxes paid	**(26,110)**	(63,227)	(94,656)
Interest received (Note 6)	**2,138,149**	316,379	528,936
Net cash flows provided by (used in) operating activities	**(51,530,561)**	(205,821,092)	70,622,746
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Note 11)	**(13,802,780)**	(54,062,528)	(239,286,846)
Decrease (increase) in other noncurrent assets (Note 13)	**59,433,917**	15,156,558	(89,038,071)
Proceeds from disposal of non-gaming equipment	**–**	–	17,985
Net cash flows provided by (used in) investing activities	**45,631,137**	(38,905,970)	(328,306,932)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loan (Note 15):			
Principal	**(47,100,000)**	(2,800,000,000)	(700,000,000)
Interest and other financing charges	**(130,067,342)**	(187,818,869)	(185,505,520)
Decrease (increase) in restricted cash (Notes 10 and 15)	**59,708,998**	(163,271,629)	–
Proceeds from:			
Advances from stockholders (Note 21)	**102,704,215**	343,581,012	–
Loans payable (Note 15)	**–**	2,337,337,500	–
Deposit for future stock subscription (Notes 18 and 21)	**–**	284,300,651	1,056,068,456
Net cash provided by (used in) financing activities	**(14,754,129)**	(185,871,335)	170,562,936
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**(84,472)**	(18,021)	669,312
NET DECREASE IN CASH	**(20,738,025)**	(430,616,418)	(86,451,938)
CASH AT BEGINNING OF YEAR	**41,787,422**	472,403,840	558,855,778
CASH AT END OF YEAR (Note 6)	**₱21,049,397**	₱41,787,422	₱472,403,840

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

MJC INVESTMENTS CORPORATION [Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino] (the Parent Company) and Trafalgar Square Leisure Corporation (TSLC) (collectively referred to as the "Group") are incorporated in the Philippines. The Parent Company was incorporated on July 15, 1955 as Palawan Consolidated Mining Company, Inc. and was listed in the Philippine Stock Exchange (PSE) on November 11, 1955.

The Parent Company's primary purpose is to acquire by purchase, lease or otherwise, lands or interest in lands and realty, and to own, hold, improve or develop said land or real estate so acquired, and to build or cause to be built on any lands owned, held, occupied or acquired, buildings, facilities, and other structures with their appurtenances, for residential, commercial, mixed-use, leisure, gaming, amusement and entertainment purposes.

The following are the series of changes in corporate name of the Parent Company and their effective dates of change as approved by the Philippine Securities and Exchange Commission (SEC):

Date	Corporate Name
February 12, 1997	Ebecom Holdings, Inc.
September 25, 2003	Aries Prime Resources, Inc.
September 30, 2008	MJCI Investments, Inc.
October 15, 2009	MJC Investments Corporation
June 29, 2015	MJC INVESTMENTS CORPORATION Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino

The registered office address of the Parent Company is Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila.

On March 18, 2010, the Parent Company was granted a permit to operate (PTO) by the Philippine Amusement and Gaming Corporation (PAGCOR) for the establishment, maintenance and operation of a casino, PAGCOR San Lazaro, within the San Lazaro Tourism and Business Park in Sta. Cruz, Manila. The permit shall be for a period of 10 years, commencing on January 6, 2016, the date of actual operation of PAGCOR San Lazaro. On November 25, 2015, PAGCOR extended the term of the PTO to 15 years commencing from the start of commercial operations of PAGCOR San Lazaro (see Note 2).

On April 21, 2016, the Parent Company incorporated its wholly owned subsidiary, Trafalgar Square Leisure Corporation (TSLC), in the Philippines and registered with the Philippine SEC. The authorized and subscribed capital stock of TSLC is ₱20.0 million with a par value of ₱1.00 per share. TSLC's primary purpose is to establish, engage, operate and manage, gaming enterprises, amusement, entertainment and recreation centers, as well as providing services including but not limited to business process outsourcing services to foreign clients, support solutions, such as back office technology support, call or contact center activities, data entry and encoding, data management, general human resource functions, business planning, accounts receivable management, general financial support services, customer support services and customer relationship management, sales support and other industry specific purposes, and to companies and operations, and other clients, and to do any and all things necessary for or conducive to the attainment of such purposes, including, articles of merchandise necessary or desirable in its operations, the provision of professional, consulting and other related services, and the licensing of application, software and other solutions required or related to the above services. The principal place of business of TSLC is at Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila. On May 16, 2016, TSLC was granted the authority by PAGCOR to bring in pre-registered foreign players to play in designated junket gaming areas within PAGCOR San Lazaro On August 1, 2019, the junket agreement between TSLC and PAGCOR expired and was no longer renewed (see Note 2).

<u>Status of Operations</u>

Gaming Operations
In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed community quarantines. The Office of the President issued several directives for the classification of each of the cities and municipalities in different levels of community quarantine between March 13, 2020 to date.

Philippine Amusement Gaming Corporation (PAGCOR) issued a memorandum dated March 15, 2020 to suspend all gaming operations in Metro Manila. On June 16, 2020, the casino has resumed its operations as approved by PAGCOR at 30% capacity and eight-hour daily operations until July 3, 2020. On July 4, 2020, the casino operation moved to temporarily cease operations until August 20, 2020. On August 21, 2020, the casino has again resumed limited operation and subsequently, on November 23, 2020 it has been allowed to operate at 24-hours until re-imposition of enhance community quarantine on March 29, 2021. Casino operations has been suspended from March 29, 2021 until April 30, 2021. On May 1, 2021, upon imposition of modified enhanced community quarantine in Metro Manila, PAGCOR and Inter-agency Task Force (IATF) have allowed the casino to resume 12 hours operations at 50% capacity and on an invitational basis only until May 31, 2021. On June 1, 2021, it has been downgraded to general community quarantine until August 5, 2021 hence, the casino can operate for 24 hours. On July 29, 2021, the IATF has again placed Metro Manila on enhanced community quarantine from August 6 to 20, 2021.

As of the date of the auditor's report, the Group has not yet resumed its full operation of the casino and is dependent on the quarantine classification put in place by IATF.

Hotel Operations
On June 7, 2020, the hotel resumed its operations after receiving the approval from the Department of Tourism (DOT). The hotel caters to foreign guests who are staying temporarily in the Philippines, long staying guests, overseas Filipino workers, government employees and health care workers. DOT has not yet allowed the Group to accommodate leisure booking and is currently operating as a quarantine facility for returning overseas Filipino workers as booked by OWWA (Overseas Workers Welfare Administration).

For the years ended December 31, 2020, 2019 and 2018 the Group reported net losses of ₱589.0 million, ₱642.1 million, and ₱746.1 million, respectively, which resulted to capital deficiency amounting ₱182.9 million as at December 31, 2020. Furthermore, the Group's current liabilities exceeded its current assets by ₱423.4 million and ₱230.7 million as at December 31, 2020 and 2019, respectively.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern.

Management will continue to carry out activities to pursue business opportunities related to its gaming, hotel, and rental operations. The Group's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows to meet its maturing obligations. To address such condition, the Group implemented certain cost-saving measures to reduce its fixed and variable costs. The Group also continuously boost its marketing efforts to increase foot traffic within the property while closely working with PAGCOR to ensure compliance with PAGCOR's memorandum and directives. The Group is also exploring new business opportunities.

The Group's ability to continue as a going concern is dependent on the commitment to defer payment of advances from related party and stockholders, waiver of management service fees and extension of credit line facility by a local bank.

On July 23, 2021, the Group obtained the approval of its request from a local bank to defer its loan principal payments. Moreover, on July 30, 2021, a credit line facility was extended by a local bank to the Group (see Note 15). This is to ensure that the Group has adequate funds for its working capital needs and to meet its maturing obligations.

Authorization for the Issuance of the Consolidated Financial Statements
The consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were approved and authorized for issuance by the Board of Directors (BOD) on August 4, 2021.

2. Agreements with PAGCOR

The following are the significant contracts entered by the Group with PAGCOR:

a. *PTO granted to the Parent Company*
   As discussed in Note 1 to the consolidated financial statements, the Parent Company was granted a PTO by PAGCOR for the establishment, maintenance and operation of PAGCOR San Lazaro on March 18, 2010. The PTO shall be for a period of fifteen (15) years commencing on January 6, 2016, the date of actual operation of PAGCOR San Lazaro. Management has assessed that the Parent Company is the operator of PAGCOR San Lazaro, in accordance with the provisions of the PTO.

   The agreement provides that while the Parent Company is in the process of forming its own management team and is cognizant of PAGCOR's expertise, experience and competence in gaming operations, the Parent Company requested PAGCOR to manage PAGCOR San Lazaro by giving PAGCOR an exclusive and direct control to supervise and manage PAGCOR San Lazaro's casino operations.

   For the duration of the agreement, the Parent Company shall receive forty percent (40%) of PAGCOR San Lazaro's monthly gross gaming revenues after deducting the players' winnings/prizes, the taxes that may be imposed on these winnings/prizes, franchise tax, and applicable subsidies and rebates.

   Upon revocation, termination or expiration of the PTO, the Parent Company undertakes to ship out of the Philippine territory, the gaming equipment and gaming paraphernalia in pursuance of Presidential Decree (P.D.) 519 and Letter of Instruction 1176 within 60 calendar days from the date of receipt or possession of the gaming equipment and gaming paraphernalia.

For income tax purposes, the Parent Company's revenue share in gaming operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended, otherwise known as the "PAGCOR Charter". Under P.D. 1869, earnings derived from the operation of casinos shall be imposed a 5% franchise tax, in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority.

b. *Traditional Bingo Operation of the Parent Company*

On January 19, 2016, the Parent Company was granted by PAGCOR the right to operate a traditional bingo operation at Winford Hotel and Casino. The terms of the bingo operation shall be coterminous with the term of the PTO. Under the agreement, the Parent Company shall remit, on a monthly basis, to PAGCOR 15% of the total gross receipt from sale of bingo tickets and cards, including electronically stored bingo cards played through an electronic device, instant game tickets and bingo game variant cards (presented as "Gaming fees" under "Operating costs and expenses") (see Note 24).

The agreement provides, among others, that all capital and operating expenditure (including the prizes) related to the bingo operation shall be for the sole account of the Parent Company.

In accordance with PAGCOR memorandum, bingo operation was temporarily suspended since March 13, 2020. As of August 4, 2021, the Group has not yet resumed its bingo operations.

c. *Junket Agreement granted to TSLC*

On May 16, 2016, TSLC was granted by PAGCOR the authority to bring in pre-registered foreign players to play in designated junket gaming areas in Winford Hotel and Casino with an initial four (4) junket gaming tables. Operation of gaming tables in excess of the initial four junket gaming tables shall be subject to PAGCOR's approval. The agreement is effective for a period of three years, commencing on day 1 of the gaming operation at the junket area but not later than six months from the date of the agreement.

In consideration of the grant by PAGCOR, the TSLC shall pay PAGCOR higher of (a) monthly Minimum Guarantee Fee (MGF) of US$10,000 per table or (b) ten percent (10%) of the monthly gross winnings generated from the junket gaming operations. The MGF shall be subject to an annual escalation at the rate of ten percent (10%) commencing on the second year of operation. The Group shall bear all salaries and other benefits in full of the junket monitoring personnel of PAGCOR who will be assigned to monitor the junket gaming operations. These expenses are presented as part of "Gaming fees" recorded under "Operating costs and expenses" (see Note 24). In addition to the monthly fee, TSLC shall remit five percent (5%) of the monthly gross winnings of the junket gaming operations to PAGCOR as franchise tax.

In compliance with the junket agreement, TSLC shall also deposit to PAGCOR the following:

a) an amount equivalent to six months of the minimum guaranteed fee for gaming tables for the junket gaming operations prior to the actual operation of the junket tables amounting to ₱17.0 million which is recorded as part of "Trade non-related parties" under "Receivables" in the consolidated statements of financial position as of December 31, 2020 and 2019 (see Note 7). The minimum guaranteed fee that is outstanding as of December 31, 2020 amounting to ₱17.0 million was collected in full in 2021.

b) an administrative charge deposit in the amount equivalent to six months manpower cost of PAGCOR's monitoring team for the junket gaming operation prior to the actual operation amounting to ₱2.9 million, which shall be made to cover TSLC's share in the cost of salaries and benefits of PAGCOR personnel assigned at the junket area in case the junket operations are suspended for reasons other than force majeure or fortuitous event. The administrative charge deposit is recorded as part of "Trade non-related parties" under "Receivables" in the consolidated statement of financial position as of December 31, 2019 (see Note 7). In 2020, the administrative charge deposit was collected from PAGCOR.

c) a cash bond in the amount of ₱1.0 million upon execution of the Junket Agreement in favor of PAGCOR to ensure and secure TSLC's compliance with the terms and conditions of the agreement and PAGCOR's pre-operating requirements which are recorded as part of "Trade non-related parties" under "Receivables" in the consolidated statement of financial position as of December 31, 2019 (see Note 7). In 2020, the cash bond was collected from PAGCOR.

All interest income accruing out of the above deposits shall pertain to PAGCOR.

Should TSLC cease operations, for reasons such as violation of terms or conditions as stated in the agreement with PAGCOR, one year or more after the commencement of the agreement but before the end of its term, only TSLC's cash bond and administrative charge deposit shall be forfeited in favor of PAGCOR. The gaming deposit shall be returned to TSLC after deducting any unpaid fees owed by the TSLC to PAGCOR.

On August 1, 2019, the junket agreement between TSLC and PAGCOR expired. The junket agreement was no longer renewed.

In 2019, TSLC generated revenue of ₱0.8 million and presented as part of "Other revenue" in the consolidated statement of comprehensive income (nil in 2020 and 2018).

3. Basis of Preparation and Statement of Compliance

Basis of Preparation

The consolidated financial statements are prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (Peso or ₱), which is the Group's functional and presentation currency. All amounts are rounded off to the nearest Peso, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs include both standard titles PFRS and Philippine Accounting Standards (PAS), and Philippine Interpretations based on equivalent interpretations from International Financial Reporting Interpretations Committee (IFRIC) as issued by the Philippine Financial Reporting Standards Council (FRSC).

4. **Summary of Changes in Accounting Policies and Disclosures**

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

  The Group did not enter into any business combinations during the year.

- 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.

  The amendments did not have any material impact to the Group.

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

  The amendments 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.

  The amendments did not have any material impact to the Group.

- 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.

The revised Conceptual Framework did not have any material impact to the Group.

- 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.

  The amendments did not have any material impact to the Group.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 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 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.

  The amendments will apply when the Group sells its property and equipment in the future.

- 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.

  - 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 Group is currently assessing its impact to the consolidated financial statements.

  - 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 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 FRSC 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.

5. **Summary of Significant Accounting and Financial Reporting Policies, Significant Accounting Judgments, Estimates and Assumptions**

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary, TSLC, where the parent has control. 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 a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting 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 re-assesses 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 OCI are attributed to the equity holders of the parent 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 the subsidiary to bring their accounting policies in 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, non-controlling 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.

Accounting Policies of the Subsidiary
The financial statements of the subsidiary is prepared for the same reporting year using uniform accounting policies as those of the Group.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the consolidated financial statements of each entity are measured using that functional currency.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in the 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 the 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. Retirement assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement
The Group measures financial instruments at each reporting date. Additional fair value related disclosures including fair values of financial instruments measured at amortized cost (AC) are disclosed in Note 26.

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 to 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 non-financial 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 of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments - Classification and Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of Financial Assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at AC
- financial assets measured at fair value through profit or loss (FVTPL)
- financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual Cash Flows Characteristics
If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

Business Model
The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial Assets at AC
A financial asset is measured at AC if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. Financial assets at AC 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 financial assets at AC include cash, receivables (excluding "advances from employees"), deposits (presented as part of "Other current assets" in the consolidated financial statements), noncurrent portion of receivable arising from PTO and long-term deposits (presented as part of "Other noncurrent assets" in the consolidated financial statements).

Financial Assets at FVTPL
Financial assets at FVTPL are measured at fair value unless these are measured at AC or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent SPPI. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income.

Additionally, even if the asset meets the AC or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

As of December 31, 2020 and 2019, the Group does not have financial assets at FVTPL.

Financial Assets at FVOCI

Debt Instruments
A debt financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

As of December 31, 2020 and 2019, the Group does not have debt instruments at FVOCI.

Equity instruments
The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments designated at FVOCI are not subject to impairment assessment.

As of December 31, 2020 and 2019, the Group does not have equity instruments at FVOCI.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:
- the rights to receive cash flows from the asset expires;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through 'arrangement; the Group 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.

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (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 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).

Loss Allowance
For cash in banks, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For receivables, deposits and long-term deposits, 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.

Write-off Policy
The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Classification of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, 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.

For purposes of subsequent measurement, financial liabilities are classified in two categories:
• Financial liabilities at FVTPL
• Financial liabilities at AC (loans and borrowings)

The Group's financial liabilities include accounts payable and other current liabilities (excluding "withholding taxes payable"), retention payable, interest payable and loans payable.

Financial liabilities at FVTPL
Financial liabilities at FVTPL 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 statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL 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 at FVTPL.

Financial liabilities at AC (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at AC 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 statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings, accounts payable and other current liabilities, interest payable, retention payables, and advances from stockholders.

Derecognition
A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in profit or loss in the consolidated statement of comprehensive income.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

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 a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

Property and Equipment
Property and equipment, except land, are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of comprehensive income as incurred and is stated at cost less accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful Lives in Years
Building	30
Machinery	10
Non-gaming equipment	5
Kitchen and bar equipment, computer software and hardware	3

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognized.

Investment Properties
The Group's investment properties consist of building held for lease. Investment properties are measured initially cost, including transaction costs and subsequently measured at cost less any accumulated depreciation and impairment.

Depreciation of investment properties commences once they become available for use and is calculated on a straight-line basis over the estimated remaining useful life of 26 years.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Advances to Contractors and Suppliers
Advances to contractors and suppliers are noninterest bearing down payments which are applied against progress billings by the contractors and suppliers. Advances to contractors and suppliers are presented under "Other noncurrent assets" in the consolidated statement of financial position.

Operating Equipment
Operating equipment (shown as part of "Other noncurrent assets") includes linens uniforms, and utensils, which are carried at cost. Bulk purchases of items of operating equipment with expected usage period of beyond one year are classified as noncurrent assets and are amortized over three years.

Impairment of Nonfinancial Assets
The Group assesses, at each reporting date, whether there is an indication that the non-financial assets may be impaired or whether there is an indication that a previously recognized impairment loss may no longer exist or may have decreased. If such indications exist, the Group makes an estimate of the asset's recoverable amount. An assets' recoverable amount is the higher of the assets' or cash generating unit's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. 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.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In cases where the impairment loss no longer exists or may have decreased due to a change in estimates, the carrying amount of an asset is increased to its recoverable amount to the extent that the amount cannot exceed the carrying amount, net of depreciation or amortization, had no impairment loss been recognized in prior years. Impairment loss or its reversal is recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Contract Liabilities
A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract liabilities include payments received by the Group from the customers for which revenue recognition has not yet commenced. Accordingly, hotel deposits, banquet customers, advance collection for purchase of bingo cards, services received from customers, and lessees are recorded as contract liabilities until services or goods are provided or sold to the customers. Contract liabilities as of December 31, 2020 and 2019 are recognized under "Accounts payable and other current liabilities" in the consolidated financial statements.

Retention Payable
Retention payable represents the portion of contractor billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until the defects have been corrected.

Deposit for Future Stock Subscription
Deposit for future stock subscription represents amounts received that will be applied as payment in exchange for a fixed number of the Group's own equity instruments and presented in the noncurrent liabilities section of the consolidated statement of financial position. These are measured at cost and are reclassified to capital stock upon issuance of shares.

In accordance with Financial Reporting Bulletin (FRB) No. 6 issued by the SEC, the following elements should be present as of the reporting date in order for the deposits for future stock subscriptions to qualify as equity:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is a BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been presented for filing or filed with the Commission.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability.

Capital Stock

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred that are directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Deficit

Deficit pertains to accumulated gains and losses and may also include effect of changes in accounting policies as may be required by the standards' transitional provisions.

Revenue Recognition

The Group's revenue from contracts with customers primarily consist of hotel accommodation services, food and beverage, bingo services 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.

Revenue Share in Gaming Operations

Revenue share in gaming operations represents a certain percentage share of gross winnings after deducting the players' winnings/prizes, franchise tax and applicable subsidies and rebates. The revenue share in gaming operations comprise of the revenue from allowing PAGCOR to use the Group's gaming facilities and gaming equipment.

Revenue from Hotel

Revenue from hotel is recognized over time as the service is rendered to the customer, generally when the hotel services are performed. Deposits received from customers in advance on rooms are recorded under "Contract liabilities" until services are provided to the customers.

Revenue from Food and Beverage

Revenue from food and beverage is recognized at point in time when the control of the goods is transferred to the customer, generally when the goods are delivered.

Revenue from Bingo Operations

Revenue from bingo operations represents net sales from the conduct of bingo operations. Net sales is defined as the total gross receipts from sale of bingo tickets and cards and daubers less prizes/winnings. Revenue is recognized at point in time upon the conduct of the bingo operations.

Rental Income
Rental revenue from the leasing of insignificant portion of the hotel (classified as Property and Equipment) held under operating lease are recognized on a straight-line basis over the periods of the respective leases.

Other Revenue
Other revenue consists of tobacco sales, laundry services, parking fees, charges for utilities consumed by lessee and income from junket operations.

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 advances to related parties.

Loyalty Program Points
The Group operates loyalty program to encourage repeat business mainly from loyal slot machine customers and table game patrons. Members earn points primarily based on gaming activities and such points can be redeemed for goods and 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.

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

Gaming Fees
As a grantee of PAGCOR, the Group is required to pay PAGCOR a percentage of its gross receipts from bingo operations. These fees are recorded as part of "Gaming fees" under "Operating costs and expenses".

Income Tax
Current Income Tax
Current income tax assets and liabilities 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 date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when 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 carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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 date 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 asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits 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 year 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 date.

Deferred 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 tax liabilities are offset if and only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Retirement Benefits
The Group does not have an established retirement plan and only conform with Republic Act (RA) 7641, Retirement Pay Law, which is a defined benefit type.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise service cost, net interest on the net defined benefit liability or asset and re-measurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Leases

Group as a Lessor - Operating lease

Lease in which the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as a Lessor - Finance lease

Lease in which the Group transfers substantially all the risks and benefits of ownership of the assets are classified as finance lease. Lease collections are apportioned between the finance income and the reduction of the outstanding receivable so as to achieve a constant periodic rate of interest on the remaining balance of the receivable for each period. Finance income are charged directly against profit or loss. A combination of the following would normally lead to a lease being classified as finance lease:

a. ownership of the asset to the lessee by the end of the lease term.
b. the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised.
c. the lease term is for the major part of the economic life of the asset even if title is not transferred.
d. at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
e. the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

The Group has not entered into any lease arrangement other than short-term leases of which the Group applies the short-term lease recognition exemption. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Lease Modification.

Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Earnings (Loss) Per Share

Earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year adjusted to give retroactive effect to any stock dividends declared during the year.

Basic earnings (loss) per share is calculated by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year.

Diluted earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares taking into account the effects of all potential dilutive common shares.

Segment Reporting

For management purposes, the Group is organized and managed separately according to the nature of the business. These operating businesses are the basis upon which the Group reports its segment information presented in Note 25.

An operating segment is a component of an entity:

a. that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b. with operating results regularly reviewed by the entity's chief of operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
c. for which discrete financial information is available.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used are based on management's evaluation of relevant facts and circumstances as of the report date of the consolidated financial statements. Actual results could differ from the estimates and assumptions used. The effects of any change in estimates or assumptions are reflected in the consolidated financial statements when these become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated financial statements.

Assumption on Going Concern
The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. . Management believes that it will be able to generate positive cash flows and has obtained from its creditor banks the approval to defer loan payments and credit facilities. In making this judgment, the Group evaluates among other factors, existing and committed cash reserves, challenges imposed by the COVID-19 pandemic, current run-rate performance of the business as well as expected future performance based on internal models informed by competitive market dynamics and macroeconomic factors. Accordingly, the financial statements are prepared on a going concern basis since management has concrete plans with regards to the Group as disclosed in Note 1.

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 the Lessor - Operating Lease Commitments
The Group has entered into various operating lease agreements as a lessor. The Group has determined that it has retained substantially all the risks and benefits of ownership of the assets. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life. Accordingly, the lease is accounted for as an operating lease.

Group as the Lessor - Finance Lease Commitments
The Group has entered into agreements with PAGCOR involving its gaming equipment. The Group has determined that the lease term is for the major part of the asset's economic life. In calculating the present value of the minimum lease payments to measure the finance lease receivable at initial recognition, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine it; otherwise, the lessee's incremental borrowing rate is used. Initial direct costs incurred, if any, are included as part of the asset.

Revenue from Contracts with Customers
The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying of contracts 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.

- *Identifying performance obligations*
  The Group provides hotel services, food and beverage sales, bingo services and other sales and services to its customers. The Group has determined that each of the services are capable of being distinct.

Recognition of Deferred Tax Assets
The Group makes an estimate and judgment of its future taxable income and reviews the carrying amount of the deferred tax assets at each reporting date.

From the casino operations, no deferred tax assets will be recognized since the Group's income from casino operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended (see Note 2).

From its hotel and rental operations as of December 31, 2020 and 2019, no deferred tax assets were recognized as management believes that the Group may not have sufficient future taxable income against which the deferred tax asset may be applied (see Note 19).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below.

Definition of Default and Credit-Impaired Financial Assets
Upon adoption of PFRS 9, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria*
  The borrower is more than 90 days past due on its contractual payments, which is consistent with the Group's definition of default.

- *Qualitative Criteria*
  The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
  a) The borrower is experiencing financial difficulty or is insolvent;
  b) The borrower is in breach of financial covenant(s);
  c) Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
  d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Group's ECL calculation.

Simplified Approach for Receivables
The Group uses a provision matrix to calculate ECLs for 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 ECL 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.

Macro-economic Forecasts and Forward-looking Information
Macro-economic forecasts are 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 three years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

In light of COVID-19 pandemic, the Group reviewed the conduct of its impairment assessment and ECL methodology. The Group also reassessed the framework for macroeconomic overlay, incorporating pandemic scenarios to ensure that changes in economic conditions are captured in the ECL calculations.

Allowance for expected credit losses as of December 31, 2020 and 2019 amounted to ₱118.3 million and ₱110.4 million, respectively. The carrying amounts of receivables (including "Receivable arising from PTO related to gaming equipment – net of current portion" presented as part of "Other Noncurrent Assets") for which the management believes to be recoverable amounted to ₱535.2 million and ₱629.9 million as at December 31, 2020 and 2019, respectively (see Notes 7 and 13).

Estimation of the Useful Lives of Property and Equipment and Investment Properties
The useful lives of each of the Group's property and equipment and investment properties are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of each asset are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned above. A reduction in the estimated useful lives of any property and equipment and investment property would increase the recorded operating expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property and equipment in 2020, 2019 and 2018. The carrying value of property and equipment and investment properties as of December 31, 2020 and 2019 are disclosed in Notes 11 and 12 to the consolidated financial statements, respectively.

Impairment of Property and Equipment and Investment Properties
The Group determines whether its property and equipment and investment properties are impaired whenever events or changes in circumstances indicate that the carrying values of the assets may not be recoverable. The recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. Recoverable amounts are estimated for an individual assets, or if possible, for the CGU to which the asset belongs, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The factors that the Group considers important which could trigger an impairment review include the following, among others:

- significant underperformance relative to expected historical or projected operating results;
- significant changes in the manner of use of acquired assets or the overall business strategy; and
- significant impact of COVID-19 outbreak in the industry or economic trends.

As a result of the continuing community quarantines and restricted travel, the Group's revenue from casino, hotel and restaurant operations continues to be adversely affected by the lower number of operating days and guests. In addition, the lessee's operations have not yet commenced due to the suspension of its construction activities in the Group's investment properties, brought about by the COVID-19 pandemic. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and investment properties.

The Group estimates the recoverable amount of the property and equipment and investment properties based on value in use. For property and equipment, value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 5-year forecast. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID -19 pandemic.

For investment properties, value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 9-year forecast of cash flows relating to its lease contract. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the coronavirus pandemic.

The forecasted costs and expenses are based on the Group's historical performance and current market conditions.

Based on the Group's impairment testing, no impairment loss was recognized for the years ended December 31, 2020 and 2019. The net book values of the Group's property and equipment and investment properties amounted to ₱3,766.1 million and ₱744.6 million, respectively, as of December 31, 2020; and ₱4.002.1 million and ₱774.4 million , respectively, as of December 31, 2019 (see Notes 11 and 12).

Impairment of Input VAT
The determination of the Group's recoverability of Input VAT is based on the Group's assessment of its projected operating results taking into consideration the significant impact of COVID-19 pandemic in the industry. The Group assessed that the current portion of input VAT amounting to ₱10.9 million is recoverable within the next 12 months from the reporting date and non-current portion amounting to ₱440.8 million is recoverable for the years thereafter (see Note 9). No impairment loss was recognized as of and for the year ended December 31, 2020.

Retirement Benefits
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 actuary in calculating such amounts. Those assumptions, which include among others, discount rate and future salary increase rate, are described in Note 16 to the consolidated financial statements.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables and is modified accordingly with estimates of mortality improvements. Future salary increases, and retirement increases are based on expected future inflation rates.

Information on the Group's retirement benefits are presented in Note 16 to the consolidated financial statements.

6. Cash

	2020	2019
Cash on hand	**₱1,910,295**	₱7,322,729
Cash in banks	**19,139,102**	34,464,693
	₱21,049,397	₱41,787,422

Cash in banks generally earns interest at the respective bank deposit rates. Total interest income earned from cash in banks amounted to ₱0.1 million, ₱0.3 million and ₱0.5 million in 2020, 2019 and 2018, respectively.

7. Receivables

	2020	2019
Trade:		
Non-related parties	**₱84,177,684**	₱93,909,190
Related parties (Note 21)	**418,347**	513,923
Nontrade (Note 11)	**125,681,357**	125,681,357
Receivable arising from PTO related to:		
Gaming equipment (Note 17)	**80,983,264**	71,241,648
Gaming facility	**27,839,504**	55,343,119
Advances to employees	**3,247,805**	1,936,216
	322,347,961	348,625,453
Less: Allowance for ECL	**118,264,139**	110,381,917
	₱204,083,822	₱238,243,536

Trade receivables consist mainly of claims against the lessees of the building spaces for commercial operations, claims against the travel agencies for the hotel accommodations and claims for deposits by TSLC to PAGCOR under Junket Agreement (see Note 2). These receivables are usually collected within 30 to 60 days.

Nontrade receivables mainly pertain to noninterest-bearing receivable from a third party for consideration related to certain disposed assets.

Receivable arising from PTO pertains to the outstanding balance of the Group's revenue share in gaming operations related to gaming facility and gaming equipment after deducting the players' winnings and prizes, the taxes that may be imposed on these winnings/prizes, franchise tax, and applicable subsidies and rebates, which shall be remitted to the Group within 15 days of the following month in accordance with the PTO.

Allowance for ECL

The following table shows the rollforward of the allowance for ECL on trade receivables from non-related parties and nontrade receivables as of December 31, 2020 and 2019:

	2020	2019
Balance at beginning of year	**₱110,381,917**	₱55,177,100
Provision (Note 24)	**7,882,222**	55,204,817
	₱118,264,139	₱110,381,917

8. Inventories

	2020	2019
At cost:		
Operating supplies	**₱15,784,488**	₱20,310,583
Food, beverage, and tobacco	**4,421,866**	4,850,665
	₱20,206,354	₱25,161,248

Operating supplies include cards, seals and dice.

No allowance for inventory obsolescence was recognized in 2020 and 2019.

9. Input VAT

	2020	2019
Input VAT- current	**₱10,931,369**	₱16,781,594
Noncurrent:		
Input VAT - noncurrent	**427,061,029**	404,985,744
Deferred input VAT	**13,728,189**	13,635,008
	440,789,218	418,620,752
	₱451,720,587	₱435,402,346

Input VAT pertains mainly to the Group's purchase of goods and services which can be claimed as credit against the future output VAT liabilities without prescription.

Deferred input VAT pertains to the VAT related to certain retention payable and noncurrent portion of input VAT related to acquisition of capital goods exceeding ₱1.0 million.

10. **Other Current Assets**

	2020	2019
Restricted cash (Note 15)	**₱103,562,631**	₱163,271,629
CWT	**4,920,241**	3,804,547
Deposits	**4,191,787**	3,480,320
Prepayments	**1,398,995**	4,941,395
Others	**–**	20,175
	₱114,073,654	₱175,518,066

Restricted cash are interest-bearing special bank accounts which are solely being used to maintain funding for loan quarterly payments in compliance with the requirements of the loan agreement (see Note 15). Total interest income earned from restricted cash amounted to ₱2.0 million, nil and nil in 2020, 2019 and 2018, respectively.

CWT pertains to the taxes withheld by the withholding agent from the payment to the Group.

Deposits pertain to deposit for electricity connection, security deposit for billboard, and advance payments for operating supplies and television advertisements.

Prepayments pertain to advance payments for software maintenance, advertising services and health insurance.

11. Property and Equipment

2020

	Land	Building	Machinery	Non-gaming equipment	Kitchen and bar equipment, computer software and hardware	Total
Cost						
Balance at beginning of year	**₱600,800,000**	**₱3,489,843,089**	**₱221,699,406**	**₱464,754,666**	**₱636,513,164**	**₱5,413,610,325**
Additions	**–**	**8,947,264**	**–**	**1,402,128**	**3,453,388**	**13,802,780**
Balance at end of year	**600,800,000**	**3,498,790,353**	**221,699,406**	**466,156,794**	**639,966,552**	**5,427,413,105**
Accumulated depreciation						
Balance at beginning of year	**–**	**417,459,176**	**76,342,833**	**302,716,169**	**615,005,330**	**1,411,523,508**
Depreciation (Note 24)	**–**	**119,517,332**	**23,803,494**	**93,955,934**	**12,492,266**	**249,769,026**
Balance at end of year	**–**	**536,976,508**	**100,146,327**	**396,672,103**	**627,497,596**	**1,661,292,534**
Net book value	**₱600,800,000**	**₱2,961,813,845**	**₱121,553,079**	**₱69,484,691**	**₱12,468,956**	**₱3,766,120,571**

2019

	Land	Building	Machinery	Non-gaming equipment	Kitchen and bar equipment, computer software and hardware	Total
Cost						
Balance at beginning of year	₱600,800,000	₱4,346,182,947	₱218,902,742	₱453,787,351	₱636,120,176	₱6,255,793,216
Additions	–	24,311,569	2,796,664	10,967,315	15,986,980	54,062,528
Disposal/Reclassification	–	(880,651,427)	–	–	(15,593,993)	(896,245,420)
Balance at end of year	600,800,000	3,489,843,089	221,699,406	464,754,666	636,513,163	5,413,610,324
Accumulated depreciation						
Balance at beginning of year	–	375,123,051	51,801,794	207,872,872	488,240,452	1,123,038,169
Depreciation (Note 24)	–	141,185,334	24,541,039	94,843,297	140,193,039	400,762,709
Disposal/Reclassification	–	(98,849,209)	–	–	(13,428,161)	(112,277,370)
Balance at end of year	–	417,459,176	76,342,833	302,716,169	615,005,330	1,411,523,508
Net book value	₱600,800,000	₱3,072,383,913	₱145,356,573	₱162,038,497	₱21,507,833	₱4,002,086,816

As of December 31, 2020 and 2019, land and building, presented as part of property and equipment and investment properties, with an aggregate carrying values of ₱4.3 billion and ₱4.4 billion were pledged as collateral for the loan facility, respectively (see Note 15).

The cost of fully depreciated property and equipment which are still in use amounted to ₱725.4 million and ₱613.7 million as of December 31, 2020 and 2019, respectively.

In 2019, the Parent Company sold kitchen and bar equipment which resulted to a gain of ₱13.4 million. Proceeds from sale of kitchen and bar equipment is recorded as part of "Nontrade receivables" in the consolidated statements of financial position as of December 31, 2020 and 2019, respectively (see Note 7).

As of December 31, 2020 and 2019, the Group has outstanding retention payable to its service providers related to renovation and improvements to the building amounting to ₱ 7.9 million and ₱8.8 million, respectively.

Impairment
As a result of the continuing community quarantines and restricted travel brought about by COVID-19 pandemic, the Group's revenue from casino, hotel and restaurant operations continues to be adversely affected by the lower number of operating days and guests. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment.

The Group estimates the recoverable amount of the property and equipment based on value in use. The value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 5-year forecast. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID -19 pandemic.

Based on the Group's impairment testing on property and equipment, no impairment loss was recognized in 2020 and 2019 (see Note 5).

12. **Investment Properties**

In 2019, the Parent Company entered into a lease agreement with a third party to lease and convert the parking and roof-deck area of Winford Hotel and Casino, with a total area of 15,718 sqm, into an office space for lease (see Note 17). Upon execution of the lease agreement, the Parent Company reclassified the portion of the property and equipment held for lease into "Investment properties" amounting to ₱781.8 million.

Details of the carrying amount of investment property is shown below:

	2020	2019
Cost	**₱781,802,218**	₱781,802,218
Accumulated depreciation	**37,228,677**	7,445,736
Net book value	**₱744,573,541**	₱774,356,482

Movement of accumulated depreciation:

	2020	2019
Beginning balance	**₱7,445,736**	₱–
Depreciation expense (Note 24)	**29,782,941**	7,445,736
Ending balance	**₱37,228,677**	₱7,445,736

No rental income was recognized in 2020 and 2019. Operating expenses related to the investment properties amounted to ₱8.0 million and ₱5.6 million in 2020 and 2019 respectively, which pertains mainly to real property taxes. There were no significant repairs and maintenance were made to maintain the Parent Company's investment properties in 2020 and 2019.

Impairment
As a result of the continuing community quarantines and restricted travel brought about by COVID-19 pandemic, the third-party lessee's operations have not yet commenced due to the suspension of its construction activities in the Group's investment properties. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and investment properties.

The Group estimates the recoverable amount of the investment properties based on value in use. Value in use calculations for investment properties uses pre-tax cash flow projections based on the prospective financial information using 9-year forecast of cash flow relating to its lease contract, taking into consideration the impact associated with the COVID-19 pandemic. The forecasted costs and expenses are based on the Group's historical performance and current market conditions.

Based on the Group's impairment testing on investment properties, no impairment loss was recognized in 2020.

13. Other Noncurrent Assets

	2020	2019
Receivable arising from PTO related to gaming equipment - net of current portion (Note 17)	**₱331,107,901**	₱391,670,199
Long-term deposits	**6,267,386**	6,964,000
Advances to contractors and suppliers	**4,779,331**	4,779,331
Operating equipment	**1,906,434**	885,274
	₱344,061,052	₱404,298,804

Long-term deposits pertain to guarantee payment for utility bills.

Movement in operating equipment are as follows:

	2020			
	Utensils	**Linens**	**Uniforms**	**Total**
Cost				
Balance at beginning of year	**₱23,562,076**	**₱70,917,497**	**₱5,340,259**	**₱99,819,832**
Additions	**–**	**1,715,645**	**109,350**	**1,824,995**
Balance at end of year	**23,562,076**	**72,633,142**	**5,449,609**	**101,644,827**
Accumulated amortization				
Balance at beginning of year	**23,562,076**	**70,816,300**	**4,556,182**	**98,934,558**
Amortization (Note 24)	**–**	**327,536**	**476,299**	**803,835**
Balance at end of year	**23,562,076**	**71,143,836**	**5,032,481**	**99,738,393**
Net book value	**₱–**	**₱1,489,306**	**₱417,128**	**₱1,906,434**

	2019			
	Utensils	Linens	Uniforms	Total
Cost				
Balance at beginning of year	₱23,562,076	₱70,917,497	₱4,721,248	₱99,200,821
Additions	–	–	619,011	619,011
Balance at end of year	23,562,076	70,917,497	5,340,259	99,819,832
Accumulated amortization				
Balance at beginning of year	20,591,738	52,383,953	3,110,772	76,086,463
Amortization (Note 24)	2,970,338	18,432,347	1,445,410	22,848,095
Balance at end of year	23,562,076	70,816,300	4,556,182	98,934,558
Net book value	₱–	₱101,197	₱784,077	₱885,274

14. Accounts Payable and Other Current Liabilities

	2020	2019
Accounts payable	**₱364,244,546**	₱331,217,937
Accrued expenses	**155,934,953**	103,806,949
Gaming liabilities	**39,147,990**	33,872,011
Contract liabilities	**16,558,725**	15,936,652
Advances from related parties (Note 21)	**4,982,104**	4,970,819
Taxes payable	**3,962,415**	5,184,976
Others	**22,693,718**	23,853,600
	₱607,524,451	₱518,842,944

Accounts payable are noninterest-bearing and are normally settled within 30 to 60 days after the billing was received.

Accrued expenses pertain to accrual of payroll, other employee benefits, utilities, travel and transportation, meeting and conferences, security services and service fees, professional fees, real property tax, among others, which are normally settled in the next financial year.

Gaming liabilities include provision for progressive jackpot on slot machine and for points earned from loyalty programs.

Contract liabilities pertain to hotel deposits, banquet customers, advance collection for purchase of bingo cards, services received from customers, and lessees are recorded as contract liabilities until services or goods are provided or sold to the customers. The revenue recognized from prior year performance obligations amounted to ₱4.1 million and ₱4.5 million in 2020 and 2019, respectively.

Taxes payable pertains to taxes withheld by the Group from its contractors and suppliers from payments made mainly in relation to the construction of building and output VAT.

Others include deposits which shall be applied as payment for future bookings of hotel rooms, statutory liabilities and other various individually insignificant items.

15. **Loans Payable**

	2020	2019
Principal	**₱2,307,900,000**	₱2,355,000,000
Less unamortized debt discount	**(15,117,333)**	(17,362,110)
	2,292,782,667	2,337,637,890
Less current portion of long-term debt	**(138,039,293)**	(185,287,516)
	₱2,154,743,374	₱2,152,350,374

The movements in the principal balance of loans payable are as follows:

	2020	2019
Balance at beginning of year	**₱2,355,000,000**	₱2,800,000,000
Payment	**(47,100,000)**	(2,800,000,000)
Drawdowns	–	2,355,000,000
Balance at end of year	**₱2,307,900,000**	₱2,355,000,000

The movements in the unamortized debt discount are as follows:

	2020	2019
Unamortized debt discount at beginning of year	**₱17,362,110**	₱13,490,413
Additions*	**1,966,404**	17,662,500
Amortization	**(4,211,181)**	(5,561,533)
Derecognition**	–	(8,229,270)
Unamortized debt discount at end of year	**₱15,117,333**	₱17,362,110

**This includes adjustments related to loan contract modification.*
***Recorded as part of "Interest expense and other financing charges" in the 2019 consolidated statement of comprehensive income.*

Future repayment of the principal as follows:

	2020	2019
Within one year	**₱141,300,000**	₱188,400,000
After one year but not more than five years	**2,166,600,000**	2,166,600,000
	₱2,307,900,000	₱2,355,000,000

In 2015, the Parent Company signed a 7-year loan agreement with a local bank for a ₱3.5 billion loan with an interest rate of 7-year Philippine Dealing System Treasury Reference Rates 2 (PDST-R2) plus 125 basis points at drawdown date, plus gross receipts tax (the "Original Loan"). The proceeds from this loan was initially availed of to fund the acquisition of gaming system and equipment, hotel furniture and equipment and permanent working capital of the Parent Company. In November 2015, the Parent Company drew ₱2.5 billion receiving proceeds of ₱2.5 billion, net of related debt issue cost of ₱30.0 million. Subsequently, in April 2016, the Parent Company drew the remaining ₱1.0 billion from the loan facility, receiving proceeds of ₱995.0 million, net of documentary stamp tax amounting ₱5.0 million. Debt issue costs for both loans include documentary stamp tax amounting to ₱17.5 million and upfront fees amounting to ₱17.5 million. Both loans will mature on November 27, 2022.

On November 22, 2019, the Parent Company entered into 7-year loan agreement amounting to ₱2.4 billion with another local bank. This loan has an interest rate of 7-year Philippine Bloomberg Valuation Service (BVAL) Reference Rates plus 125 basis points at drawdown date, plus gross receipts tax (the "New Loan"). Interest on the outstanding principal amount shall be paid on each quarterly interest payment date. The proceeds from the loan was availed solely to refinance the outstanding balance of its ₱3.5 billion loan, funding the Parent Company's debt service accounts and financing related expenses for general corporate purposes.

On November 27, 2019, the Parent Company drew the full amount under the New Loan, receiving proceeds of ₱2.3 billion, net of related debt issue cost of ₱17.7 million. As a result, the Parent Company derecognized the Original Loan together with the unamortized debt issue cost and recognized prepayment penalty aggregating ₱34.8 million as part of "Interest expense and other financing charges" in the 2019 consolidated statement of comprehensive income.

In June 2020, in light of the COVID-19 pandemic, the bank provided a revised principal and interest payment scheme, which was accepted by the Parent Company. In August 2020, the bank approved further relief in relation to the terms of the loan. The Parent Company was provided with the following reliefs and agreed on the revised terms of the existing loan agreements with the bank:

- *Principal repayments and interest payment*
  Quarterly principal repayment due in June 2020 was deferred to May 2021. Quarterly interest payment was changed to monthly payment starting June 2020 to February 2021 and shall revert to quarterly payments starting May 2021 coinciding with the principal repayment from May 2021 to November 2026.

- *Term loan covenants*
  Debt Service Payment Account (DSPA) shall have no build-up on principal plus interest due until April 2021. The monthly buildup will resume starting May 2021 onwards equivalent to one-third of next principal plus interest due.

  Debt Service Reserve Account (DSRA) requirement of equivalent to two quarters of principal plus interest shall be deferred to May 2021 onwards.

  Restriction with respect to quarterly calculation of debt-equity ratio and debt service coverage ratio was waived and will resume on September 2021 based on June 30, 2021 interim financial statements.

In addition, quarterly principal and interest repayments starting May 2021 were further extended to July 2021 or a 60-day extension by virtue of Bayanihan to Heal as One Act (RA 11469).

Based on the Parent Company's assessment, these modifications in the contractual cash flows are not substantial and therefore do not result in the derecognition of the affected financial liabilities.

Under the loan agreement, the Parent Company is required to maintain debt service accounts to fund the quarterly principal and interest payments of the loan in accordance with the loan agreement. The cash amounting to ₱103.6 million and ₱163.3 million as of December 31, 2020 and 2019, respectively, are presented under "Other current assets" as "Restricted cash" (see Note 10).

The related interest recognized from the loans amounted to ₱144.7 million and ₱153.4 million and ₱189.5 million in 2020, 2019 and 2018 respectively. Total interest paid amounted to ₱130.1 million ₱150.2 million and ₱185.5 million in 2020, 2019 and 2018, respectively.

The loan is secured by the Parent Company's land and building, classified as property and equipment and investment properties, with an aggregate carrying value of ₱4.3 billion and ₱4.4 billion as of December 31, 2020 and 2019, respectively (see Notes 11 and 12).

On July 23, 2021, the bank provided a further revised principal and interest payment scheme to the Parent Company, which the Parent Company accepted, due to the continuing COVID-19 situation affecting the Parent Company. Details are as follows:

- *Principal repayments*
  Quarterly principal repayment due in July 2021 was deferred to January 2023. Accordingly, current portion of the loans payable amounting to ₱138.0 million as of December 31, 2020, will now be due in January 2023.

- *Term loan covenants*
  DSPA shall have no build-up up to October 2022. The monthly build-up will resume starting November 2022 onwards equivalent to one-third of next debt service.

  DSRA requirement of equivalent to two quarters of debt service starting July 2021.

  Restriction with respect to quarterly calculation of debt-equity ratio and debt service coverage ratio is waived and will resume on 2023 based on 2022 consolidated financial statements.

Credit line facility
On July 30, 2021, a local bank provided the Parent Company with a credit line facility amounting to ₱400.0 million. The unused credit line as of August 4, 2021 amounted to ₱400.0 million.

16. Retirement Benefits

The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (RA 7641) which is of the defined benefit type and provides a retirement equal to 22.5 days' pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. The Group liability for retirement benefits is based solely on the requirement under RA 7641. Benefits are based on the employee's final salary and years of service. In 2020, the Parent Company engaged an independent expert to perform actuarial valuation.

The table below summarizes the components of retirement cost recognized under "Operating costs and expenses" in the consolidated statements of comprehensive income (see Note 24):

	2020	2019
Current service cost	**₱844,346**	₱2,760,093
Interest cost	**497,251**	334,881
	₱1,341,597	₱3,094,974

Movements in the cumulative actuarial gain in the consolidated statements of comprehensive income are as follows:

	2020	2019
Balance at beginning of year	**₱287,204**	₱2,334,511
Actuarial gain (loss) recognized in other comprehensive income	**7,712,363**	(2,047,307)
	₱7,999,567	₱287,204

The movements in the retirement liability are as follows:

	2020	2019
Balance at beginning of year	**₱9,544,160**	₱4,401,879
Total retirement expense	**1,341,597**	3,094,974
Defined benefit loss (income) recognized in OCI	**(7,712,363)**	2,047,307
Balance at end of year	**₱3,173,394**	₱9,544,160

Movement in defined benefit obligation are as follows:

	2020	2019
Balance at beginning of year	**₱9,544,160**	₱4,401,879
Current service cost	**844,346**	2,760,093
Interest cost	**497,251**	334,881
Actuarial loss (gain) on:		
Changes in financial assumptions	**123,239**	2,990,709
Experience adjustments	**(7,835,602)**	(943,402)
Balance at end of year	**₱3,173,394**	₱9,544,160

The cost of the retirement plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. The principal assumptions used in determining the retirement liability of the Group as of January 1 are shown below:

	2020	2019
Discount rate	**5.21%**	7.61%
Salary increase rate	**5.00%**	5.00%

The latest actuarial valuation made for the plan was as of December 31, 2020.

As of December 31, 2020, discount rate and salary increase rate are 3.90% and 4.00%, respectively.

The Group does not maintain a fund for its retirement benefit obligation. While funding is not a requirement of the law, there is a cash flow risk that the Group may be exposed to if several employees retire within the same year.

Shown below are the maturity profile of the undiscounted benefit payments as of December 31, 2020 and 2019 are as follows:

	2020	2019
Less than one year	**₱–**	₱–
One to less than five years	**736,026**	345,712
Five to less than ten years	**2,451,901**	1,375,089
Ten years and above	**25,897,525**	26,468,627
	₱29,085,452	₱28,189,428

The average duration of the expected benefit payments as of December 31, 2020 and 2019 is 25.2 years and 26.07 years, respectively.

The defined benefit obligation is subject to several key assumptions. The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant. Established on historical data, the behavior in error of the standard deviation is within the range:

		Effect on retirement liability
Discount rate		
	(11.9%) (Actual + 100 basis points (bps)	(₱377,123)
	14.2% (Actual - 100 bps)	450,332
Salary increase rate		
	14.0% (Actual + 100 bps)	₱445,185
	(12.0%) (Actual - 10 bps)	(380,139)

17. Significant Commitments

PTO

As discussed in Notes 1 and 2, the Parent Company was granted a PTO by PAGCOR for the establishment, maintenance and operation of PAGCOR San Lazaro on March 18, 2010. The PTO shall be for a period of fifteen (15) years commencing on January 6, 2016, the date of actual operation.

Under this arrangement, the Parent Company shall acquire, install, maintain and upgrade to keep abreast with the worldwide industry of casino gaming the following to be used for the operation of PAGCOR San Lazaro as approved and deemed necessary by PAGCOR:

(1) Certain number of gaming tables, table layout, chairs and other equipment and paraphernalia.
(2) A minimum number of new slot machines and an online token-less system of linking and networking all slot machines.

The use of slot machines and gaming tables (“Gaming Equipment”) by PAGCOR will be for the major part of the Gaming Equipment’s economic life.

In addition, the Parent Company shall also establish the gaming facility, including furnishings; undertake and shoulder the cost of designing, furnishing and maintaining PAGCOR San Lazaro.

The use of certain floors in the Parent Company's building as gaming facility did not substantially transfer the risk and benefits related to the ownership of the building. The Parent Company requested PAGCOR to manage PAGCOR San Lazaro and PAGCOR shall exclusively and directly control, supervise and manage PAGCOR San Lazaro.

The Parent Company's share from gross gaming revenue of PAGCOR San Lazaro amounted to ₱225.1 million in 2020, ₱556.9 million in 2019 and ₱413.4 million in 2018. Portion of the share from gross gaming revenue of PAGCOR San Lazaro related to gaming equipment was applied as payment for receivable arising from PTO amounting to ₱72.1 million, ₱62.4 million and ₱47.5 million in 2020, 2019 and 2018, respectively. Accordingly, revenue share in gaming operations for the year ended December 31, 2020, 2019 and 2018, presented in the consolidated statements of comprehensive income, amounted to ₱153.0 million, ₱494.5 million and ₱365.9 million, respectively.

The details of the revenue share in gaming operations are as follows:

	2020	2019	2018
Revenue share from gaming operations related to:			
Gaming facility	**₱106,629,088**	₱444,672,706	₱322,178,581
Gaming equipment	**46,340,995**	49,875,474	43,693,744
	₱152,970,083	₱494,548,180	₱365,872,325

The future minimum collection related to the gaming equipment follows:

	2020	2019	2018
Within one year	**₱120,429,069**	₱116,483,591	₱100,557,388
After one year but not more than five years	**364,869,513**	408,454,727	402,229,553
More than five years	**39,660,666**	86,913,440	93,932,612
	524,959,248	611,851,758	596,719,553
Less: unamortized portion of discount	**(112,868,083)**	(148,939,911)	(157,363,158)
	412,091,165	462,911,847	439,356,395
Less: current portion (Note 7)	**(80,983,264)**	(71,241,648)	(57,122,087)
Noncurrent portion (Note 13)	**₱331,107,901**	₱391,670,199	₱382,234,308

Operating Lease Commitment - the Parent Company as Lessor

a. The Parent Company entered into a lease contract with China Trust Philippines Commercial Banking Corp. (CTBC) to lease a space in Winford Hotel, ground floor with an area of 3 sqm. The lease term is for a period of one year commencing on February 2018 and has a basic monthly rental fee of ₱30,000 with escalation clause of 10% per annum. In April 2018, the same lease contract was amended to a basic monthly rent of ₱15,000 without escalation, exclusive of VAT. The contract has been renewed in 2020 and shall expire in December 31, 2021.

b. The Parent Company also entered into an agreement of lease with IFoods Group Inc. to lease a 315.5 sqm. area of Winford Hotel and Casino for a lease term of five years from the commencement of operations of the lessee, unless sooner terminated in accordance with the termination clause. Rental rates shall be ₱600 per sqm. per month exclusive of VAT plus 10% of gross sales for the period commencing from the execution of the lease agreement until completion of all hotel rooms and ₱600 per sqm. per month exclusive of VAT plus 7% of gross sales upon completion of all the hotel rooms. Also, the lessee will pay an additional ₱13.78 per sqm for common use service area.

The contract also states that base rent shall escalate at a rate to be agreed by both parties. In 2020, due to the effects of the COVID-19 pandemic, the Parent Company has waived the basic rental payments and changed the percentage rental to 7% of dine-in sales valid from June 2020 to December 2020 and shall resume to original terms thereafter. The amendments have reduced the total rent income earned from the concessionaire by ₱1.1 million.

c. The Parent Company entered into a lease contract with Golden Arches Development Corporation to lease a space in Winford Hotel and Casino with an area of 406.14 sqm. The lease term is upon execution of the lease agreement until 10 years after the rental commencement date, unless sooner terminated in accordance with termination clause. Base rental rate is ₱750 per sqm. per month, exclusive of VAT, but subject to 5% withholding tax, or a percentage rental rate at the rate of 5% of gross sales, exclusive of VAT but subject to 5% withholding tax, whichever is higher. The lessee will pay an additional ₱13.78 for the common use service area. The contract also states that base rent shall escalate at a rate to be agreed by both parties. In 2020, due to the effects of the COVID-19 pandemic, the Parent Company has waived the common area charges and basic rental payments and changed the percentage rental to 1% of gross sales valid from June 2020 to December 2020 and is further extended until June 2021.

d. The Parent Company entered into a lease contract with Philippine Seven Corporation for five years commencing July 7, 2016 to lease an area of 45.09 sqm. for a basic rent of ₱1,300 per sqm. plus, a percentage of gross sales (1.5% of gross sales) or minimum guaranteed rent (₱1,500 per sqm. per month), whichever is higher. Rent escalation shall separately apply to both basic rent and minimum guaranteed rent. The lessee will pay an additional ₱160 per sqm. for the common service area fee. In July 2019, the Parent Company agreed to amend the contract rates from basic rent per sqm. of ₱1,300 to ₱1,000 and removal of minimum guaranteed rent and percentage of gross sales. In 2020, due to the effects of the COVID-19 pandemic, the Parent Company has waived the basic rental payments valid from April 2020 to December 2020 and is further extended until June 2021.

e. The Parent Company also entered into an agreement of lease with SM Kenko Sauna Corporation to lease a 390 sqm. area of Winford Hotel and Casino to be used for spa and salon services. Rental rates shall be ₱650 per sqm. per month exclusive of VAT plus a percentage rental which is 10% of gross revenue from the operations. Rent shall escalate by 7.5% per annum commencing upon lapse of the first two years of lease. In 2018, the Parent Company agreed to amend the rental rates from ₱650 per sqm. to ₱200 per sqm. per month exclusive of VAT, and without rental escalation. The lessee will also pay for an additional ₱13.78 per sqm. for the common use service area. On March 2020, due to the COVID-19 pandemic, its operations have been closed and its contract has been terminated.

f. The Parent Company entered into a lease contract with Banco de Oro (BDO) Unibank Inc. to lease a space in Winford Hotel, second floor with an area of 3 sqm. The lease term is for a period of two years commencing on February 1, 2016 and expiring on January 31, 2018. The lease contract was renewed in 2019. The monthly payment amounts to ₱20,000, inclusive of electrical consumption but exclusive of VAT. The contract has been renewed in 2020 and shall expire in December 31, 2022.

g. The Parent Company also entered into an agreement of lease with Choi Garden Manila Corporation for ten years commencing January 7, 2016 to lease a 927 sqm. area of Winford Hotel and Casino to be used for restaurant, dining and banqueting of Chinese food only services. The lessee is subject to 10% of gross sales exclusive of senior citizen discount and VAT. On March 2020, due to the COVID-19 pandemic, its operations have been closed and its contract has been terminated.

h. The Parent Company entered into a lease contract with Maybank Philippines Inc. to lease a space in Winford Hotel and Casino, second floor with an area of 3 sqm. The lease term is for a period of one year commencing on February 2018 and was subsequently renewed. The monthly payment amounts to ₱30,000, inclusive of electrical consumption but exclusive of VAT, for the first quarter of 2018 and ₱15,000 thereafter. On November 2019, the lease contract has been terminated.

i. The Parent Company also entered into an agreement of lease with Globe Telecom, Inc. for ten years starting February 1, 2016 to lease a 6 sqm. area of Winford Hotel and Casino to be used as telecommunication site. The lease is payable at a monthly rate amounting to ₱36,700, net of all taxes and 5% escalation fee on the third year thereafter.

j. The Parent Company also entered into an agreement of lease with Smart Communications, Inc. for five years commencing on November 10, 2016 to lease a 9 sqm. area of Winford Hotel and Casino to be used for satellite services. The lease is payable at a monthly rate amounting to ₱36,700, net of all taxes and 5% escalation fee on the third year thereafter.

k. The Parent Company also entered into an agreement of lease with AIO FX Trade, Inc. for five years commencing on December 18, 2017 to lease a 5.06 sqm. area of Winford Hotel and Casino. AIO FX Trade, Inc is a money changer. The lease is payable at a monthly rate of ₱30,000, inclusive of VAT for the first year, ₱37,000, inclusive of VAT for the second year and 10% escalation fee on the third year thereafter applied on the second-year monthly rate. Aside from this, the lessee will pay for additional ₱50 per sqm. for the common use service area. On March 2020, due to the COVID-19 pandemic, its operations have been closed and its contract has been terminated.

l. The Parent Company also entered into an agreement of lease with Andresons Global, Inc. for three years commencing on April 8, 2018 to lease a 14.09 sqm. area of Winford Hotel and Casino to sell high end liquors. The lease is payable at a monthly rate of ₱20,000 exclusive of VAT and no escalation during the lease term, and will have to pay for an additional ₱50 per sqm. for common use service area fee. In 2020, due to the effects of the COVID-19 pandemic, the Parent Company has waived the basic rental payments valid from March 2020 to December 2020 and shall resume to original agreement thereafter.

m. As discussed in Note 12, the Parent Company entered into lease agreement with Mistwood Properties, Inc. (MPI) for the conversion and lease of the parking area and roof-deck of Winford Hotel and Casino to office space of MPI. The lease is for a 9-year period commencing upon completion of the construction plans by which it has not yet started as of December 31, 2019. The lease has a base monthly rental rate of ₱ 750.0 per sqm. which is equivalent to ₱11.8 million, exclusive of VAT with annual escalation of 5%. In addition to the base monthly rental, the lease has common area dues of ₱60.0 per sqm which is equivalent to ₱0.9 million, inclusive of VAT with annual escalation of 5%. During 2019, the Parent Company received ₱35.4 million security deposit from MPI. In 2020, conversion has been suspended indefinitely due to COVID-19 pandemic. No rental income was recognized in 2020 and 2019.

The estimated future minimum lease collections for the above agreements are as follows:

	2020	2019
Within one year	**₱4,111,337**	₱115,624,030
After one year but not more than five years	**543,462,011**	674,994,950
Five years onwards	**784,635,314**	789,166,369
	₱1,332,208,662	₱1,579,785,349

Rent income amounted to ₱12.1 million, ₱25.1 million and ₱27.4 million in 2020, 2019 and 2018, respectively. Interest expense on the security deposit amounted to ₱1.1 million, ₱0.3 million and nil in 2020, 2019 and 2018, respectively.

Service Agreements

a. The Parent Company also entered into an agreement with a service provider, engaging the latter to provide consultancy, advisory and technical services in relation to the operation, management and development of the hotel including recommendation or proposals on the activities or matters relating to the hotel. The agreement took effect on November 1, 2015 and will continue until terminated in accordance with the provisions of the agreement.

b. The Parent Company also entered into an agreement with a service provider, engaging the latter to provide consultancy, advisory, and technical services in relation to the operation, management and development of the casino. The agreement took effect on November 1, 2015 and will continue until terminated in accordance with the provisions of the agreement.

c. The Parent Company also entered into an agreement with a service provider, engaging the latter to provide communication strategy and planning development, conceptualization, production of advertising materials and marketing of the Group's banquet and hotel rooms.

   Due to COVID-19 crisis, the service providers have waived fees pertaining to March to December 2020. Total service fees recognized in 2020, 2019 and 2018 under these agreements amounted to ₱6.3 million, ₱34.8 million and ₱31.6 million, respectively (see Note 24).

   On June 30, 2021, the service providers have also agreed to waive fees for the whole year of 2021.

18. Deposit for Future Stock Subscription

The Group presented the deposit amounting to ₱2.4 billion as "Deposit for future stock subscription" under noncurrent liabilities in the consolidated statements of financial position as of December 31, 2020 and 2019, in accordance with FRB No. 6 as issued by the SEC.

As of August 4, 2021, the Parent Company is in the process of applying with the SEC (Note 22).

19. Income Taxes

For income tax purposes, as the entity was granted the permit to operate PAGCOR San Lazaro, the Parent Company's income from casino operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended, otherwise known as the PAGCOR Charter. Under P.D. 1869, earnings derived from the operation of casinos shall be imposed a 5% franchise tax, in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority (see Note 2).

The provision for income tax consists of final tax amounting to ₱26,110, ₱63,227 and ₱94,656 in 2020, 2019 and 2018, respectively.

As of December 31, 2020 and 2019, no deferred tax assets were recognized as management believes that the Group may not have sufficient future taxable income from its hotel and rental operations against which the deferred tax assets may be applied.

No deferred tax assets will be recognized as it relates to the casino operations since the Group's income from casino operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended (see Note 2).
As of December 31, 2020 and 2019, net unrecognized deferred tax assets from its operations other than gaming are composed of the following:

	2020	2019
Deferred tax assets:		
Net operating loss carry over (NOLCO)	**₱583,041,155**	₱654,878,841
Allowance for ECL	**35,479,242**	33,114,575
Unearned income	**5,975,748**	4,149,324
Customer deposits	**1,315,592**	1,339,244
Retirement liability	**744,675**	1,948,749
	626,556,412	695,430,733
Deferred tax liabilities:		
Deferred rent income	**920,367**	888,515
Unrealized foreign exchange gain - net	**170,046**	195,388
Unrealized gain on loan modification	**268,113**	–
	1,358,526	1,083,903
Deferred tax assets - net	**₱625,197,886**	₱694,346,830

As of December 31, 2020, the details of NOLCO is as follows:

NOLCO

On September 30, 2020, the BIR issued Revenue Regulations (RR) No. 25-2020 implementing Section 4 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 consecutive taxable years immediately following the year of such loss.

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

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Available Until
2017	₱762,029,320	₱–	(₱762,029,320)	₱–	2020
2018	701,678,755	–	–	701,678,755	2021
2019	719,221,396	–	–	719,221,396	2022
	₱2,182,929,471	₱–	(₱762,029,320)	₱1,420,900,151	

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

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Available Until
2020	₱–	₱522,570,365	₱–	₱522,570,365	2025

The reconciliation of the benefit from income tax based on the accounting income and the actual provision for income tax for years ended December 31 follows:

	2020	2019	2018
Benefit from income tax based on accounting income before income tax	**(₱176,685,935)**	(₱192,608,912)	(₱223,789,677)
Additions to (reductions in) income tax resulting from tax effects of:			
Expired NOLCO	**228,608,796**	121,794,713	17,263,101
Movement in unrecognized deferred tax assets	**(69,148,944)**	113,699,070	208,863,490
Loss (income) from gaming operations exempt from income tax	**17,926,129**	(51,618,609)	(4,427,264)
Nondeductible expenses (nontaxable income) and others	**(58,602)**	8,828,652	2,232,402
Interest income subjected to final tax	**(615,334)**	(31,687)	(47,396)
Provision for income tax	**₱26,110**	₱63,227	₱94,656

Impact of RA No. 11534 or CREATE Act

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax (CIT) and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 27.5% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 05-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Group for CY2020 is 27.5%. This has no impact to the Group's provision for current income tax and income tax payable as of December 31, 2020 as the Group is in net operating loss position amounting to ₱522.6 million.

- The Group does not recognize deferred tax assets as of December 31, 2020. This is not expected to impact the consolidated financial statements in 2021.

20. PEZA Registration

On February 10, 2015, the Parent Company's registration as an Ecozone Tourism Enterprise for the development and operation of tourist, leisure and entertainment facilities is approved by Philippine Economic Zone Authority (PEZA).

As provided in its Registration Agreement dated February 24, 2015, the Parent Company shall be entitled only to tax and duty-free importation and zero-VAT rating on local purchases of capital equipment in accordance with PEZA Board Resolution No. 12-610 dated November 13, 2012, except for casino operations and other gaming/gambling operations, if any, subject to all evaluation and/or processing requirements and procedures prescribed under PEZA Rules and Regulations, pertinent circulars and directives.

21. Related Party Transactions

Entities and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Entities and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the entity, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Transactions with Related Parties

In the ordinary course of business, the Group has significant transactions with related parties as follows:

Party	Amount/Volume			Receivable (Payable)		Financial Statements Account	Terms	Conditions
	2020	2019	2018	**2020**	2019			
Stockholder Manila Jockey Club, Inc. (MJCI)								
Deposit for future stock subscription (Note 18)	**₱–**	₱84,000,000	₱84,979,217	**(₱321,233,646)**	(₱321,233,646)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances [(a)] (Note 14)	**(11,285)**	–	–	**(4,982,104)**	(4,970,819)	Advances from related parties	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Commission from the off-track betting [(b)] (Note 7)	**(41,389)**	105,701	167,932	**418,347**	459,736	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Various Shareholders								
Deposit for future stock subscription (Note 18)	**–**	200,300,651	971,089,239	**(2,105,268,102)**	(2,105,268,102)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances from stockholders [(c)]	**102,704,215**	343,581,012	–	**(446,285,227)**	(343,581,012)	Advances from stockholders	Interest-bearing and non-interest bearing	Unsecured, unguaranteed
Interest payable on advances from stockholders [(c)]	**13,534,528**	1,623,611	–	**(15,158,139)**	(1,623,611)	Interest payable	Non-interest bearing;	Unsecured, unguaranteed

Party	Amount/Volume 2020	2019	2018	Receivable (Payable) 2020	2019	Financial Statements Account	Terms	Conditions
Affiliate								
Manila Cockers Club, Inc. (MCI)								
Commission from the off-track betting [(d), (e)] (Note 7)	**₱–**	₱2,899,564	₱4,367,699	**₱–**	₱54,187	Receivable	Noninterest bearing; due and demandable	Unsecured, unimpaired
				2,426,501,748	2,426,501,748	Deposit for future stock subscription		
				4,982,104	4,970,819	Advances from related parties		
				418,347	513,923	Receivable		
				446,285,227	343,581,012	Advances from stockholders		
				15,158,139	1,623,611	Interest payable		

[(a)] *The Parent Company obtains advances for expenses such as office rental, utilities and other allowances of the Parent Company's employees.*
[(b)] *Share of the Parent Company on horse racing gross bets from off track betting station of MJCI located at Winford Hotel and Casino.*
[(c)] *The Parent Company obtains interest bearing advances from stockholders for additional funding on its capital expenditures. The payable amount is gross of discount on non-interest bearing advances from shareholders amounting to* ₱9,970,642 and nil in 2020 and 2019, respectively.
[(d)] *Share of the Parent Company on cockfighting gross bets from off track betting station of MCI located at Winford Hotel and Casino.*
[(e)] *MCI is an affiliate through a common stockholder, MJCI.*

Key Management Personnel

Total key management personnel compensation of the Group amounted to ₱26.5 million, ₱35.1 million, and ₱33.5 million as of December 31, 2020, 2019 and 2018, respectively. The compensations are short-term employee benefits.

The Group has no standard arrangement with regard to the remuneration of its directors. In 2020, 2019 and 2018, the BOD received directors' fees aggregating to ₱0.9 million, ₱0.7 million and ₱0.7 million respectively (Note 24).

22. Equity

Capital Stock

The Parent Company has a total of 5,000,000,000 authorized shares, 3,174,405,821 issued and subscribed shares at ₱1.00 par value. The total issued, outstanding, and subscribed capital are held by 433, 433 and 434 equity holders for the years 2020, 2019 and 2018, respectively.

On April 12, 2018, the BOD approved the conduct of a stock rights offering in order to raise additional capital. The total number of shares to be issued is 1,587,202,910 common shares and the stock offer price shall be at ₱1.00 per share. The entitlement ratio shall be one right share for every two common shares held as of record date.

On September 17, 2018, the BOD approved the offer price for the rights shall be ₱1.00 right per share, if paid in full upon submission on the application to subscribe, or ₱2.00 rights per share, if paid on installment basis. As of August 4, 2021, the stock rights offering is still pending approval of SEC.

23. Basic/Diluted Loss Per Share

	2020	2019	2018
Net loss	**₱588,979,225**	₱642,092,932	₱746,060,247
Divided by weighted average number of outstanding common shares	**3,174,405,821**	3,174,405,821	3,174,405,821
Basic/diluted losses per share	**₱0.186**	₱0.202	₱0.235

The Group has no potential dilutive common shares as of December 31, 2020, 2019 and 2018. Therefore, the basic and diluted loss per share are the same as of those dates.

24. Operating Costs and Expenses

	2020	2019	2018
Depreciation and amortization (Notes 11, 12 and 13)	**₱280,355,802**	₱431,056,540	₱514,951,145
Salaries and wages	**64,716,520**	85,845,771	63,922,922
Utilities	**57,545,363**	93,983,063	93,705,878
Taxes and licenses	**51,388,603**	44,141,254	35,158,649
Repairs and maintenance	**40,398,581**	44,659,054	40,390,203
Contracted services	**31,727,740**	89,438,862	73,607,692
Security services	**20,028,847**	41,985,517	36,478,069
Advertising and marketing	**18,437,847**	32,639,466	31,289,095
Food, beverage, and tobacco	**13,462,213**	44,379,030	31,044,175
Hotel room and supplies	**11,885,174**	22,146,015	15,262,456
Insurance	**8,302,163**	6,415,174	6,425,422
Provision for ECL (Note 7)	**7,882,222**	55,204,817	55,177,100
Professional fees	**7,811,520**	12,444,111	13,898,503
Communication	**7,268,015**	7,385,551	7,270,000
Service fee (Note 17)	**6,253,571**	34,780,715	31,631,071
Transportation and travel	**6,140,923**	7,688,775	6,573,515
Gaming fees (Note 2)	**5,688,253**	53,999,160	65,820,131
Banquet expenses	**4,254,816**	21,171,297	22,607,167
Entertainment	**2,693,856**	13,949,007	11,694,686
Rent	**1,561,643**	2,977,415	2,531,601
Meetings and conferences	**1,401,096**	1,533,809	1,402,898
Supplies	**1,359,687**	3,787,909	3,518,538
Commission	**1,352,842**	1,926,430	3,148,816
Retirement (Note 16)	**1,341,597**	3,094,974	4,287,775
Directors' fees (Note 21)	**867,000**	675,000	680,000
Others	**10,263,139**	42,257,896	7,161,956
	₱664,389,033	₱1,199,566,612	₱1,179,639,463

25. **Operating Segment Information**

The Group has two operating segments in 2020, 2019, and 2018. Gaming segment pertains to casino operations while non-gaming pertains to hotel operations. Management monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the total comprehensive loss on the consolidated financial statements. The Group's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Segment Revenue and Expenses

The segment results for the years ended December 31, 2020, 2019 and 2018 are as follows:

	2020		
	Gaming	**Non-gaming**	**Total**
Revenue	**₱161,885,244**	**₱59,473,593**	**₱221,358,837**
Operating costs and expenses	**(219,872,160)**	**(444,516,873)**	**(664,389,033)**
Other expenses - net	**–**	**(145,922,919)**	**(145,922,919)**
Provision for income tax	**–**	**(26,110)**	**(26,110)**
Net loss	**(₱57,986,916)**	**(₱530,992,309)**	**(₱588,979,225)**

	2019		
	Gaming	Non-gaming	Total
Revenue	₱546,866,978	₱196,294,920	₱743,161,898
Operating costs and expenses	(486,717,633)	(712,848,979)	(1,199,566,612)
Other income (expenses) - net	23,348	(185,648,339)	(185,624,991)
Provision for income tax	(4,670)	(58,557)	(63,227)
Net income (loss)	₱60,168,023	(₱702,260,955)	(₱642,092,932)

	2018		
	Gaming	Non-gaming	Total
Revenue	₱411,677,559	₱211,357,200	₱623,034,759
Operating costs and expenses	(396,164,128)	(783,475,335)	(1,179,639,463)
Other expenses - net	(754,581)	(188,606,306)	(189,360,887)
Provision for income tax	(261)	(94,395)	(94,656)
Net income (loss)	₱14,758,589	(₱760,818,836)	(₱746,060,247)

Segment Assets and Liabilities and Other Information

The segment assets, liabilities, capital expenditures and other information as of and for the years ended December 31, 2020 and 2019 are as follows:

	2020		
	Gaming	**Non-gaming**	**Total**
Assets	**₱1,417,480,295**	**4,248,408,683**	**₱5,665,888,978**
Liabilities	**300,097,400**	**5,548,680,430**	**5,848,777,830**
Capital expenditures	**564,253**	**13,238,527**	**13,802,780**
Interest income	**–**	**2,138,149**	**2,138,149**
Depreciation and amortization	**73,614,690**	**206,741,112**	**280,355,802**

	2019		
	Gaming	Non-gaming	Total
Assets	₱1,746,126,963	₱4,350,727,757	₱6,096,854,720
Liabilities	267,223,743	5,431,252,967	5,698,476,710
Capital expenditures	32,242,481	21,820,047	54,062,528
Interest income	23,348	293,031	316,379
Depreciation and amortization	101,556,932	329,499,608	431,056,540

26. **Financial Risk Management Objectives and Policies and Fair Value Measurement**

The Group's consolidated financial instruments comprise of cash, receivables (excluding "advances from employees"), deposits (presented as part of "Other current assets" in the consolidated financial statements), noncurrent portion of receivable arising from PTO and long-term deposits (presented as part of "Other noncurrent assets" in the consolidated financial statements), accounts payable and other current liabilities (excluding "withholding taxes payable"), retention payable, interest payable and loans payable. The main purpose of these financial instruments is to finance the Group's operations. The main risks arising from the use of these financial instruments include credit risk and liquidity risk. The Group's BOD reviews and approves the policies for managing these risks and these are summarized below.

<u>Credit Risk</u>
Credit risk arises because the counterparty may fail to discharge its contractual obligations. As a matter of policy, the Group limits its maximum exposure to credit risk to the amount of carrying value of the instruments. The Group transacts only with related parties and with recognized and creditworthy third parties. Receivable balances are monitored on an ongoing basis. Further, management intensifies its collection efforts to collect from defaulting third parties.

The table below shows the maximum exposure to credit risk of the Group as at December 31, 2020 and 2019 as follows:

	2020	2019
At amortized cost/loans and receivables:		
Cash in banks* (Note 6)	**₱19,139,102**	₱34,464,693
Receivables** (Note 7)	**200,836,017**	236,307,320
Deposits (Note 10)	**4,191,787**	3,480,320
Long-term deposits (Note 13)	**6,267,386**	6,964,000
Receivable arising from PTO related to gaming equipment - net of current portion (Note 13)	**331,107,901**	391,670,199
	₱561,542,193	₱672,886,532

**Excluding cash on hand amounting to ₱1,910,295 and ₱7,322,729 as of December 31, 2020 and, 2019, respectively.*
***Excluding advances to employees amounting to ₱3,247,805 and ₱1,936,216 as of December 31, 2020 and, 2019, respectively*

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Reclassifications of Financial Instruments
The Group reclassifies its financial instruments when, and only when, there is a change in the business model for managing the financial instruments. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial instruments.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the 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, to realize the assets and settle the liabilities simultaneously.

Cash
Cash in the consolidated statement of financial position comprises cash on hand and cash in banks.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and condition are accounted for using the first-in/first-out basis. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

VAT
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the "Input VAT," "Deferred input VAT," or "Accounts payables and other current liabilities" in the consolidated statement of financial position.

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 of within the normal operating cycle.

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 "Other current assets" in the consolidated statement of financial position. CWT is stated at its estimated NRV.

As of December 31, 2020 and 2019, the aging analysis of receivables is as follows:

			Past due but not impaired					
2020	**Total**	**Neither past due nor impaired**	**Less than 30 days past due**	**31 to 60 days past due**	**61 to 90 days past due**	**91 to 180 days past due**	**More than 180 days past due**	**Impaired**
Trade:								
Non-related parties	**₱84,177,684**	**₱19,504,043**	**₱2,213,768**	**₱502,416**	**₱1,712,900**	**₱–**	**₱52,362,335**	**₱7,882,222**
Related parties	**418,347**	**418,347**	**–**	**–**	**–**	**–**	**–**	**–**
Nontrade	**125,681,357**	**–**	**–**	**–**	**–**	**–**	**15,299,440**	**110,381,917**
Receivable arising from PTO	**439,930,669**	**439,690,546**	**–**	**155,357**	**–**	**–**	**84,766**	**–**
	₱650,208,057	**₱459,612,936**	**₱2,213,768**	**₱657,773**	**₱1,712,900**	**₱–**	**₱67,746,541**	**₱118,264,139**

			Past due but not impaired					
2019	Total	Neither past due nor impaired	Less than 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 180 days past due	More than 180 days past due	Impaired
Trade:								
Non-related parties	₱93,909,190	₱36,132,819	₱2,381,127	₱2,382,493	₱2,282,574	₱6,465,856	₱44,264,321	₱–
Related parties	513,923	513,923	–	–	–	–	–	–
Nontrade	125,681,357	15,299,440	–	–	–	–	–	110,381,917
Receivable arising from PTO	518,254,966	518,129,515	–	–	–	–	125,451	–
	₱738,359,436	₱570,075,697	₱2,381,127	₱2,382,493	₱2,282,574	₱6,465,856	₱44,389,772	₱110,381,917

The table below shows the credit quality of the Group's neither past due nor impaired receivables as of December 31, 2020 and 2019, based on the Group's experience with its debtor's ability to pay:

	2020			
	Grade A	**Grade B**	**Grade C**	**Total**
Trade:				
Non-related parties	**₱17,889,544**	**₱376,746**	**₱1,237,753**	**₱19,504,043**
Related parties	**418,347**	**–**	**–**	**418,347**
Receivable arising from PTO	**439,690,546**	**–**	**–**	**439,690,546**
	₱457,998,437	**₱376,746**	**₱1,237,753**	**₱459,612,936**

	2019			
	Grade A	Grade B	Grade C	Total
Trade:				
Non-related parties	₱47,048,014	₱580,964	₱3,803,281	₱51,432,259
Related parties	513,923	–	–	513,923
Nontrade	–	–	–	–
Receivable arising from PTO	518,129,515	–	–	518,129,515
	₱565,691,452	₱580,964	₱3,803,281	₱570,075,697

The credit quality of the financial assets was determined as follows:

- Grade A
  This includes cash deposited with banks having good reputation and bank standing and receivables from customers or affiliates that always pay on time or even before the maturity date.

- Grade B
  This includes receivables that are collected on their due dates provided that they were reminded or followed up by the Group.

- Grade C
  This includes receivables which are still collected within their extended due dates.

Liquidity Risk
Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price. The Group's objective is to maintain a balance between continuity of funding and flexibility by regularly evaluating its projected and actual cash flows and through the use of bank loans and extension of suppliers' credit terms. The Group maximizes the net cash inflows from operations to finance its working capital requirements.

On July 23, 2021, the bank provided a revised principal and interest payment scheme to the Parent Company, which the Parent Company accepted, due to the continuing COVID-19 situation affecting the Parent Company (see Note 15).

On July 30, 2021, a local bank provided the Parent Company with a credit line facility amounting to ₱400.0 million. The unused credit line as of August 4, 2021 amounted to ₱400.0 million (see Note 15)

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2020 and 2019 based on contractual undiscounted payments.

	2020			
	Due and Demandable	**Less than 1 year**	**1 year or above**	**Total**
Loans payable*	**₱–**	**₱276,209,870**	**₱2,504,005,465**	**₱2,780,215,335**
Accounts payable and other current liabilities**	**4,982,104**	**584,730,740**	**–**	**589,712,844**
Retention payable	**7,934,014**	**–**	**–**	**7,934,014**
Interest payable	**–**	**40,233,541**	**–**	**40,233,541**
Advances from stockholders*	**–**	**–**	**503,333,315**	**503,333,315**
	₱12,916,118	**₱901,174,151**	**₱3,007,338,780**	**₱3,921,429,049**

**Including interest payable*
***Excluding contract liabilities and withholding taxes payable amounting to ₱16,558,725 and ₱1,252,882, respectively.*

	2019			
	Due and Demandable	Less than 1 year	1 year or above	Total
Loans payable*	₱–	₱328,009,854	₱2,642,251,920	₱2,970,261,774
Accounts payable and other current liabilities**	4,970,819	496,179,806	–	501,150,625
Retention payable	8,795,678	–	–	8,795,678
Interest payable	–	15,216,781	–	15,216,781
Advances from stockholders*	–	–	383,378,660	383,378,660
	₱13,766,497	₱839,406,441	₱3,025,630,580	₱3,878,803,518

**Including interest payable*
***Excluding contract liabilities and withholding taxes payable amounting to ₱15,936,652 and ₱1,755,667, respectively.*

The following tables show the profile of financial assets used by the Group to manage its liquidity risk:

	2020			
	Due and Demandable	**Less than 1 year**	**1 year or above**	**Total**
At amortized cost:				
Cash	**₱21,049,397**	**₱–**	**₱–**	**₱21,049,397**
Receivables	**80,371,200**	**120,464,817**	**331,107,901**	**531,943,918**
Deposits	**–**	**4,191,787**	**–**	**4,191,787**
Long-term deposits	**–**	**–**	**6,267,386**	**6,267,386**
	₱101,420,597	**₱124,656,604**	**₱337,375,287**	**₱563,452,488**

	2019			
	Due and Demandable	Less than 1 year	1 year or above	Total
Loans and receivables:				
Cash	₱41,787,422	₱–	₱–	₱41,787,422
Receivables	57,901,821	175,405,498	394,670,200	627,977,519
Deposits	72,000	3,408,320	–	3,480,320
Long-term deposits	–	–	6,964,000	6,964,000
	₱99,761,243	₱178,813,818	₱401,634,200	₱680,209,261

As discussed in Note 22, the Group's BOD approved the conduct of a stock rights offering in order to raise additional capital which will be used for debt servicing requirements. In addition, the Group will consider raising additional cash from shareholders or long-term loans.

Changes in liabilities arising from financing activities

	December 31, 2019	**Cash flows**	**Others***	**December 31, 2020**
Loans payable	**₱2,337,637,890**	**(₱47,100,000)**	**₱2,244,777**	**₱2,292,782,667**
Advances from stockholders	**343,581,012**	**102,704,215**	**(9,970,642)**	**436,314,585**
Restricted cash	**(163,271,629)**	**59,708,998**	**–**	**(103,562,631)**
Interest payable	**15,216,781**	**(130,067,342)**	**155,084,102**	**40,233,541**
Total liabilities from financing activities	**₱2,533,164,054**	**(₱14,754,129)**	**₱147,358,237**	**₱2,665,768,162**

**Others include accrual of interest from interest-bearing loans, discount on non-interest bearing advances from stockholders and accretion of loans payable.*

	December 31, 2018	Cash flows	Others*	December 31, 2019
Loans payable	₱2,786,509,587	(₱462,622,500)	₱13,750,803	₱2,337,637,890
Advances from stockholders	–	343,581,012	–	343,581,012
Restricted cash	–	(163,271,629)	–	(163,271,629)
Deposit for future stock subscription	2,142,201,097	284,300,651	–	2,426,501,748
Interest payable	15,925,877	(187,818,869)	187,109,773	15,216,781
Total liabilities from financing activities	₱4,944,636,561	(₱185,831,335)	₱200,860,576	₱4,959,665,802

**Others include accrual of interest from interest-bearing loans and advances from stockholders, other financing charges and accretion of loans payable.*

Fair Value Measurement

The carrying values of cash, receivables, deposits, accounts payable and other current liabilities (excluding "withholding taxes payable") approximate their fair values due to the short-term nature of these accounts.

The fair values of receivable arising from PTO related to gaming equipment, long-term deposits and loans payable were based on the present value of estimated future cash flows using interest rates that approximate the interest rates prevailing at the reporting date. The carrying values and fair value of receivable arising from PTO related to gaming equipment, long-term deposits and loans payable are as follows:

	2020		2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Receivable arising from PTO related to gaming equipment	**₱412,091,165**	**₱498,257,876**	₱462,911,847	₱594,195,697
Long-term deposits	**6,267,386**	**6,267,386**	6,964,000	6,964,000
	₱418,358,551	**₱504,525,262**	₱469,875,847	₱601,159,697
Financial Liabilities				
Advances from stockholders	**₱446,285,227**	**₱446,285,227**	₱343,581,012	₱343,581,012
Loans payable	**2,292,782,667**	**2,292,782,667**	2,337,637,890	2,337,637,890
	₱2,739,067,894	**₱2,739,067,894**	₱2,681,218,902	₱2,681,218,902

As of December 31, 2020 and 2019, the Group's financial assets and liabilities are measured at fair value under the Level 2 hierarchy. There were no financial instruments carried at fair value as of December 31, 2020 and 2019.

As of December 31, 2020, the aggregate fair value of the Parent Company's investment property amounted to ₱1.3 billion. The Group estimates the recoverable amount of the investment property based on value in use. Value in use calculations use pre-tax cash flow projections based on the prospective financial information using 9 year forecast of cash flows relating to its lease contract. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the coronavirus pandemic. These fair values was classified as Level 3 in 2020 as to the qualification of fair value hierarchy.

27. Working Capital and Capital Management

The primary objective of the Group's working capital and capital management is to ensure that the Group has sufficient funds in order to support its business, pay existing obligation and maximize stockholders' value. The Group considers its total equity, including deposit for future stock subscription, amounting to ₱2.2 billion and ₱2.8 billion as its capital as of December 31, 2020 and 2019, respectively.

The Group maintains a capital base to cover risks inherent in the business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The Group monitors working capital and capital on the basis of current ratio and debt-to-equity ratio. On August 2020, due to COVID-19 crisis, the bank has granted the Parent Company waiver for quarterly calculation of debt-to-equity ratio until September 2021. In July 2021, this was further deferred to 2023 (see Note 15).

In computing the debt-to-equity ratio, the 'deposits for future stock subscription' formed part of the total shareholders' equity, as the deposits are considered as future additional shareholders' interest in the Group.

Current ratio and debt-to-equity ratio of the Group are as follows:

	2020	2019
Total current assets	**₱370,344,596**	₱497,491,866
Total current liabilities	**793,731,299**	728,142,919
Current ratio	**0.47**	0.68
Total liabilities, excluding deposit for future stock subscription	**3,422,276,082**	₱3,271,974,962
Total equity	**2,243,612,896**	2,824,879,758
Debt-to-equity ratio	**1.53**	1.16

The Group's strategy is to maintain a sustainable current ratio and debt-to-equity ratio. The Parent Company managed to defer the principal payments of its loans payable from July 2021 to January 2023 and obtained a credit line amounting to ₱400.0 million.

28. Subsequent Events

a. On July 23, 2021, the Group obtained the approval of its creditor bank to amend the principal repayments, loan covenants and the waiver of restrictions with respect to quarterly calculation of debt-equity and debt service coverage ratio (see Note 15). This event is considered as non-adjusting and will affect the current and noncurrent classification of the loans payable in the 2021 consolidated financial statements.

b. On July 30, 2021, the Group obtained the approval of its credit line facility amounting to ₱400.0 million (see Note 15).

SGV
Building a better
working world

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

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure
And Entertainment Complex and Winford Hotel and Casino
Winford Hotel and Casino, MJC Drive
Sta. Cruz, Manila

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of MJC INVESTMENTS CORPORATION [Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino] and its subsidiary (the Group) 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 August 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 Consolidated Financial Statements and Supplementary Schedules are the responsibility of the management of the Group. These schedules are presented for purposes of complying with the 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 basic 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.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
SEC Accreditation No. 0076-AR-5 (Group A),
April 30, 2019, valid until April 29, 2022
Tax Identification No. 102-096-009
BIR Accreditation No. 08-001998-072-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534239, January 4, 2021, Makati City

August 4, 2021

SGV
Building a better working world

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure
And Entertainment Complex and Winford Hotel and Casino
Winford Hotel and Casino, MJC Drive
Sta. Cruz, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of MJC INVESTMENTS CORPORATION [Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino] and its subsidiary (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated August 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 Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) 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 Group's consolidated 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.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
SEC Accreditation No. 0076-AR-5 (Group A),
April 30, 2019, valid until April 29, 2022
Tax Identification No. 102-096-009
BIR Accreditation No. 08-001998-072-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534239, January 4, 2021, Makati City

August 4, 2021

MJC INVESTMENTS CORPORATION

SCHEDULE A: FINANCIAL ASSETS

December 31, 2020

Financial Assets	Name of Issuing entity and association of each	Number of shares or principal amount of bonds and notes	Amount shown in the Balance Sheet	Valued based on market quotation at balance sheet date	Income Received and Accrued
Cash*	N/A	N/A	₱ 19,139,102	N/A	N/A
Receivables**	N/A	N/A	200,836,017	N/A	N/A
Deposits***	N/A	N/A	4,191,787	N/A	N/A
Long-term deposits	N/A	N/A	6,267,386	N/A	N/A
Receivable arising from PTO related to gaming equipment - net of current portion	N/A	N/A	331,107,901	N/A	N/A
TOTAL			**₱561,542,193**		

**Excluding cash on hand amounting to ₱ 1,910,295 December 31, 2020.*

***Excluding advances to employees amounting to ₱ 3,247,805 as of December 31, 2020.*

****Presented under "Other noncurrent assets" in consolidated financial statements*

MJC INVESTMENTS CORPORATION

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

December 31, 2020

Name and designation of Debtor	Balance at beginning of period	Additions	Deductions		Current	Not Current	Balance at End of period
			Amounts Collected	Others			
Manila Jockey Club, Inc.	₱459,736	–	–	*(₱41,389)*	₱ 418,347	₱–	₱ 418,347
Manila Cockers Club, Inc.	54,187	–	*(54,187)*	–	–	–	–
Advances to Employee	1,936,216	*5,788,292*	*(4,476,703)*	–	3,247,805	–	3,247,805
TOTAL	**₱2,450,139**	***₱5,788,292***	**(*₱4,530,890*)**	***(₱41,389)***	**₱3,666,152**	**₱–**	**₱3,666,152**

MJC INVESTMENTS CORPORATION

SCHEDULE C: AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FS

December 31, 2020

Name and Designation of Debtor	Balance at the Beginning of Period	Additions	Deductions			Current	Not Current	Balance at End of period
			Amounts Collected	Amounts Written Off	Others			
Trafalgar Square Leisure Corporation	₱118,742,900	₱--	₱4,301,282	₱–		₱114,441,618	₱–	₱114,441,618
TOTAL	**₱118,742,900**	**₱--**	₱4,301,282	**₱–**		**₱114,441,618**	**₱–**	**₱114,441,618**

MJC INVESTMENTS CORPORATION

SCHEDULE D: LONG TERM DEBT

December 31, 2020

Title of Issue and Type of Obligation	Amount authorized by Indenture	Amount shown under caption "Current Portion of Long term Debt" in related Balance Sheet	Amount shown under caption "Long Term Debt" in Related Balance Sheet
Bank Loan	₱2,307,900,000	₱ 138,039,293	₱ 2,154,743,374
TOTAL	**₱2,307,900,000**	**₱ 138,039,293**	**₱ 2,154,743,374**

MJC INVESTMENTS CORPORATION

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES
(LONG TERM LOANS FROM RELATED COMPANIES)

December 31, 2020

Name of Related Party	Balance at beginning of period	Balance at End of Period
Advances from Stockholders	₱343,581,012	₱436,314,585
Total	**₱343,581,012**	**₱436,314,585**

MJC INVESTMENTS CORPORATION

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

December 31, 2020

Name of issuing entity issuing guaranteed by the company for which this statement is filed	Title of Issue of each class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee
		NOT APPLICABLE		

MJC INVESTMENTS CORPORATION

SCHEDULE G: CAPITAL STOCK

December 31, 2020

Title of Issue	No. of Shares Authorized	No. of shares issued and outstanding and shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates	Directors, Officers and Employees	Others
Common Stock	5,000,000,000	3,174,405,821	N/A	N/A	26,671,438	N/A
TOTAL	**5,000,000,000**	**3,174,405,821**				

MJC INVESTMENTS CORPORATION

SCHEDULE H: AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FS

December 31, 2020

Name of Creditor	Designation of Creditor	Balance at the Beginning of Period	Additions	Deductions		Current	Not Current	Balance at End of period
				Amounts Paid	Others			

NOT APPLICABLE

MJC INVESTMENTS CORPORATION

SCHEDULE I: PARENT COMPANY RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

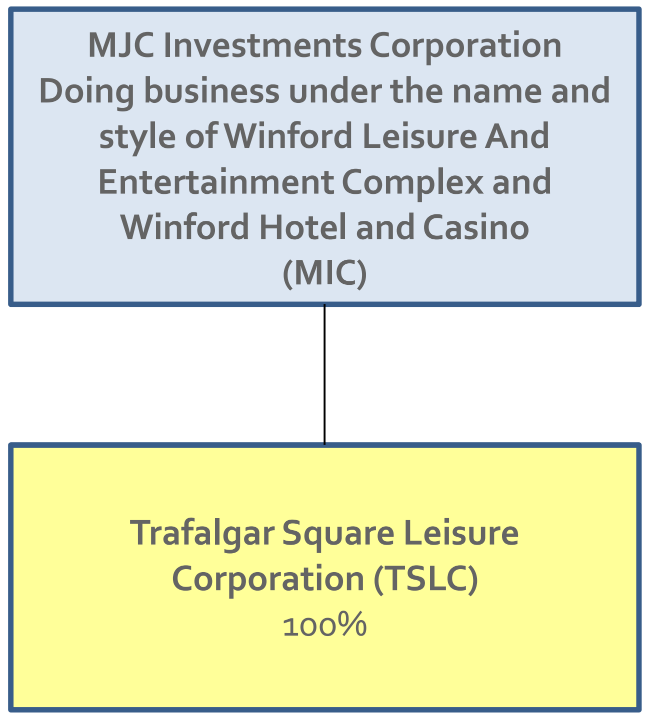
December 31, 2020

NOT APPLICABLE

MJC INVESTMENTS CORPORATION

SCHEDULE J: MAP OF AFFILIATES

December 31, 2020



MJC INVESTMENTS CORPORATION

SCHEDULE K: Financial Soundness Indicators

December 31, 2020

	2020	2019
Liquidity ratios		
Current ratio[(a)]	**0.47**	0.68
Interest rate coverage ratio[(b)]	**(1.08)**	N/A
Solvency ratios		
Debt to equity ratio[(c)]	**(14.92)**	6.73
Asset to equity ratio[(d)]	**(30.98)**	15.30
Profitability ratio		
EBITDA margin[(e)]	**(0.71)**	N/A

[(a)] *Current assets over current liabilities*

[(b)] *EBITDA over interest expense and other financing charges*

[(c)] *Interest-bearing debts over total equity*

[(d)] *Total assets over total equity*

[(e)] *EBITDA over gross revenues from operations*

Annex ''B''

Interim Unaudited Financial Statement for the period ended March 31, 2021

COVER SHEET

SEC Registration Number

0000010020

COMPANY NAME

MJC INVESTMENTS CORPORATION DOING BUSINESS UNDER THE NAME AND STYLE OF WINFORD LEISURE AND ENTERTAINMENT COMPLEX AND WINFORD HOTEL AND CASINO AND SUBSIDIARY

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

Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
–	(02)8632-7373	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
433	6/29	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Joemar Onnagan	joemar.onnagan @winfordmanila.com	8528-3600 (loc. 1132)	(+63) 917-595-5222

CONTACT PERSON's ADDRESS

Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila

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

FORM 17-Q

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

1. For the quarterly period ended **March 31, 2021**

2. Commission identification number **10020** 3. BIR Tax Identification No. **000-596-509**

4. Exact name of issuer as specified in its charter

MJC INVESTMENTS CORPORATION Doing business under the name and style of WINFORD LEISURE AND ENTERTAINMENT COMPLEX AND WINFORD HOTEL AND CASINO

5. Province, country or other jurisdiction of incorporation or organization **Republic of the Philippines**

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila **1014**

8. Issuer's telephone number, including area code **(632) 528-2300**

9. Former name, former address and former fiscal year, if changed since last report **N. A.**

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	3,174,405,821

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

Yes **[x]** No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange, Inc. **Common Shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period 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 [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached **Annex "A"**.

- Consolidated Statement of Financial Position as of March 31, 2021, and December 31, 2020
- Consolidated Statement of Comprehensive Income for the quarters ended March 31, 2021 and 2020
- Consolidated Statement of Changes in Equity for the quarters ended March 31, 2021 and 2020
- Consolidated Statement of Cash Flow for the quarters ended March 31, 2021 and 2020
- Aging of Accounts Receivable as of March 31, 2021
- Notes to Consolidated Financial Statements

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

Please see attached **Annex "B"**.

PART II – OTHER INFORMATION

There is no material information which had not been previously reported under SEC Form 17-C.

SIGNATURES

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

MJC INVESTMENTS CORPORATION
Doing business under the name and style of
Winford Leisure and Entertainment Complex
and Winford Hotel and Casino

August 12, 2021
Date

By:

JOEMAR L. ONNAGAN
Director for Finance and Administration

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31, 2021
(With Comparative Audited Figures as of December 31, 2020)

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
ASSETS		
Current Assets		
Cash (Note 6)	₱ 48,833,278	₱21,049,397
Receivables (Note 7)	186,481,946	204,083,822
Inventories (Note 8)	16,152,986	20,206,354
Input value-added tax (VAT) - current (Note 9)	18,027,145	10,931,369
Other current assets (Note 10)	83,480,845	114,073,654
Total Current Assets	**352,976,200**	**370,344,596**
Noncurrent Assets		
Property and equipment (Note 11)	3,713,418,847	3,766,120,571
Investment properties (Note 12)	737,127,805	744,573,541
Input VAT - net of current portion (Note 9)	439,305,565	440,789,218
Other noncurrent assets (Note 13)	322,403,727	344,061,052
Total Noncurrent Assets	**5,212,255,944**	**5,295,544,382**
TOTAL ASSETS	**5,565,232,144**	**5,665,888,978**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 14)	624,179,192	607,524,451
Retention payable (Note 11)	4,107,545	7,934,014
Interest payable (Notes 15)	44,709,806	40,233,541
Current portion of loans payable (Note 15)	244,045,870	138,039,293
Total Current Liabilities	**917,042,413**	**793,731,299**
Noncurrent Liabilities		
Advances from stockholders (Note 18)	473,642,728	436,314,585
Loans payable - net of current portion (Note 15)	2,049,554,807	2,154,743,374
Deposit for future stock subscription (Note 17)	2,426,501,748	2,426,501,748
Other noncurrent liabilities (Note 16)	38,544,143	37,486,824
Total Non-Current Liabilities	**4,988,243,426**	**5,055,046,531**
Total Liabilities	**5,905,285,839**	**5,848,777,830**
Equity		
Capital stock (Note 19)	3,174,405,821	3,174,405,821
Deficit	(3,522,689,654)	(3,365,294,240)
Actuarial gains on retirement liability	8,230,138	7,999,567
Total Equity (Capital Deficiency)	**(340,053,695)**	**(182,888,852)**
TOTAL LIABILITIES AND EQUITY	**₱ 5,565,232,144**	**₱ 5,665,888,978**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	March 31, 2021 *Unaudited*	March 31, 2020 *Unaudited*
REVENUE		
Revenue Share in Gaming Operations (Note 16)	**36,717,544**	116,861,968
Hotel	**6,531,846**	15,138,658
Food and beverage	**2,648,955**	15,521,456
Bingo Operations	**-**	8,915,161
Rental	**1,749,239**	7,883,402
Other revenue	**473,605**	2,655,998
	48,121,189	166,976,643
OPERATING COST AND EXPENSES (Note 21)	**(164,392,212)**	(223,106,877)
OPERATING LOSS	**(116,271,023)**	(56,130,234)
OTHER INCOME(EXPENSES)		
Interest Expense and other financing charges (Note 15)	**(41,366,267)**	(39,237,628)
Interest Income (Notes 6 and 10)	**16,932**	38,835
Miscellaneous Income(Expense) – net	**228,317**	720,075
	(41,121,018)	(38,478,718)
INCOME(LOSS) BEFORE INCOME TAX	**(157,392,041)**	(94,608,952)
PROVISION FOR INCOME TAX	**(3,372)**	(7,739)
NET LOSS	**(157,395,413)**	(94,616,691)
OTHER COMPREHENSIVE INCOME	**230,571**	230,571
TOTAL COMPREHENSIVE INCOME(LOSS)	**(157,164,842)**	(94,386,120)
Basic Earnings(Losses) per Share (Note 20)	**(0.05)**	(0.03)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MJC INVESTMENTS CORPORATION

Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

	Capital Stock (Note 19)	Deficit	Actuarial gains on retirement liability	Total
BALANCES AT DECEMBER 31, 2020	**3,174,405,821**	**(3,365,294,240)**	**7,999,567**	**(182,888,852)**
Total Comprehensive income for the period	-	**(157,395,413)**	**230,571**	**(157,164,842)**
BALANCES AT MARCH 31, 2021	**3,174,405,821**	**(3,522,689,653)**	**8,230,138**	**(340,053,694)**
BALANCE AT DECEMBER 31, 2019	3,174,405,821	(2,776,315,016)	287,204	398,378,009
Total Comprehensive income for the year	-	(94,616,691)	230,571	(94,386,120)
BALANCE AT MARCH 31, 2020	**3,174,405,821**	**(2,870,931,707)**	**517,775**	**(303,991,889)**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱157,392,042)**	(₱94,608,952)
Adjustments for:		
Depreciation and amortization (Notes 11, 12,13 and 21)	**64,175,710**	72,472,688
Interest expense and other financing charges (Notes 15 and 21)	**41,366,266**	39,237,628
Retirement benefit expense	**209,889**	209,888
Unrealized foreign exchange loss (gain)	**(62,200)**	(36,590)
Interest income (Note 6)	**(16,932)**	(38,835)
Operating loss before working capital changes	**(51,719,309)**	17,235,827
Decrease (increase) in:		
Receivables	**17,601,877**	20,451,426
Inventories	**4,053,368**	(416,108)
Input VAT	**(5,612,123)**	(7,519,656)
Other current assets	**(3,304,622)**	(2,708,031)
Increase (decrease) in:		
Accounts payable and other current liabilities	**16,654,741**	40,337,621
Retention payable	**(3,826,469)**	(861,664)
Other noncurrent liabilities	**1,078,002**	(345,810)
Net cash generated from (used in) operations	**(25,074,535)**	66,173,605
Income taxes paid	**(3,372)**	(7,740)
Interest received (Note 6)	**16,932**	38,835
Net cash flows provided by (used in) operating activities	**(25,060,975)**	66,204,700
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Notes 11)	**(3,801,484)**	(2,847,470)
Decrease in other noncurrent assets (Note 13)	**21,430,556**	18,695,867
Net cash flows provided by (used in) investing activities	**17,629,073**	15,848,397
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan (Note 15):		
Principal	**-**	(47,100,000)
Interest and other financing charges	**(36,071,991)**	(35,295,118)
Decrease (increase) in restricted cash (Notes 10 and 15)	**33,897,431**	-
Proceeds from:		
Advances from stockholders (Note 18)	**37,328,143**	61,689,215
Net cash flows provided by (used in) financing activities	**35,153,583**	(20,705,903)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**62,200**	36,590
NET DECREASE IN CASH	**27,783,881**	61,383,784
CASH AT BEGINNING OF YEAR	**21,049,397**	41,787,422
CASH AT END OF PERIOD (Note 6)	**₱ 48,833,278**	₱ 103,171,206

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Aging of Receivable

The following summarizes the aging of the Group`s receivable as of March 31, 2021:

			Past due but not impaired					
	Total	Neither past due nor impaired	Less than 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 180 days past due	More than 180 days past due	Impaired
Trade								
Non-related parties	74,997,694	-	1,515,213	11,362,530	2,779,487	59,340,464	-	-
Related parties	418,347	-	-	5,638	-	412,709	-	-
Nontrade	125,681,357	-	-	-	-	15,299,440	-	110,381,917
Receivable arising from PTO	410,432,299	410,213,791	-	-	-	218,508	-	-
	611,529,697	**410,213,791**	**1,515,213**	**11,368,168**	**2,779,487**	**75,271,121**	-	**110,381,917**

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

MJC INVESTMENTS CORPORATION [Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino] (the Parent Company) and Trafalgar Square Leisure Corporation (TSLC) (collectively referred to as the "Group") are incorporated in the Philippines. The Parent Company was incorporated on July 15, 1955 as Palawan Consolidated Mining Company, Inc. and was listed in the Philippine Stock Exchange (PSE) on November 11, 1955.

The Parent Company's primary purpose is to acquire by purchase, lease or otherwise, lands or interest in lands and realty, and to own, hold, improve or develop said land or real estate so acquired, and to build or cause to be built on any lands owned, held, occupied or acquired, buildings, facilities, and other structures with their appurtenances, for residential, commercial, mixed-use, leisure, gaming, amusement and entertainment purposes.

The following are the series of changes in corporate name of the Parent Company and their effective dates of change as approved by the Philippine Securities and Exchange Commission (SEC):

Date	Corporate Name
February 12, 1997	Ebecom Holdings, Inc.
September 25, 2003	Aries Prime Resources, Inc.
September 30, 2008	MJCI Investments, Inc.
October 15, 2009	MJC Investments Corporation
June 29, 2015	MJC INVESTMENTS CORPORATION Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino

The registered office address of the Parent Company is Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila.

On March 18, 2010, the Parent Company was granted a permit to operate (PTO) by the Philippine Amusement and Gaming Corporation (PAGCOR) for the establishment, maintenance and operation of a casino, PAGCOR San Lazaro, within the San Lazaro Tourism and Business Park in Sta. Cruz, Manila. The permit shall be for a period of 10 years, commencing on January 6, 2016, the date of actual operation of PAGCOR San Lazaro. On November 25, 2015, PAGCOR extended the term of the PTO to 15 years commencing from the start of commercial operations of PAGCOR San Lazaro (see Note 2).

On April 21, 2016, the Parent Company incorporated its wholly owned subsidiary, Trafalgar Square Leisure Corporation (TSLC), in the Philippines and registered with the Philippine SEC. The authorized and subscribed capital stock of TSLC is ₱20.0 million with a par value of ₱1.00 per share. TSLC's primary purpose is to establish, engage, operate and manage, gaming enterprises, amusement, entertainment and recreation centers, as well as providing services including but not limited to business process outsourcing services to foreign clients, support solutions, such as back office technology support, call or contact center activities, data entry and encoding, data management, general human resource functions, business planning, accounts receivable management, general financial support services, customer support services and customer relationship management, sales support and other industry specific purposes, and to companies and operations, and other clients, and to do any and all things necessary for or conducive to the attainment of such purposes, including, articles of merchandise necessary or desirable in its operations, the provision of professional, consulting and other related services, and the licensing of application, software and other solutions required or related to the above services. The principal place of business of TSLC is at Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila. On May 16, 2016, TSLC was granted the authority by PAGCOR to bring in pre-registered foreign players to play in designated junket gaming areas within PAGCOR San Lazaro.On August 1, 2019, the junket agreement between TSLC and PAGCOR expired and was no longer renewed. (see Note 2).

Status of Operations

Gaming Operations
In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed community quarantines. The Office of the President issued several directives for the classification of each of the cities and municipalities in different levels of community quarantine between March 13, 2020 to date.

Philippine Amusement Gaming Corporation (PAGCOR) issued a memorandum dated March 15, 2020 to suspend all gaming operations in Metro Manila. On June 16, 2020, the casino has resumed its operations as approved by PAGCOR at 30% capacity and eight-hour daily operations until July 3, 2020. On July 4, 2020, the casino operation moved to temporarily cease operations until August 20, 2020. On August 21, 2020, the casino has again resumed limited operation and subsequently, on November 23, 2020 it has been allowed to operate at 24-hours until re-imposition of enhance community quarantine on March 29, 2021. Casino operations has been suspended from March 29, 2021 until April 30, 2021. On May 1, 2021, upon imposition of modified enhanced community quarantine in Metro Manila, PAGCOR and Inter-agency Task Force (IATF) have allowed the casino to resume 12 hours operations at 50% capacity and on an invitational basis only until May 31, 2021. On June 1, 2021, it has been downgraded to general community quarantine until August 5, 2021 hence, the casino can operate for 24 hours. On July 29, 2021, the IATF has again placed Metro Manila on enhanced community quarantine from August 6 to 20, 2021.

As of the date of this report, the Group has not yet resumed its full operation of the casino and is dependent on the quarantine classification put in place by IATF.

Hotel Operations
On June 7, 2020, the hotel resumed its operations after receiving the approval from the Department of Tourism (DOT). The hotel caters to foreign guests who are staying temporarily in the Philippines, long staying guests, overseas Filipino workers, government employees and health care workers. DOT has not yet allowed the Group to accommodate leisure booking and is currently operating as a quarantine facility for returning overseas Filipino workers as booked by OWWA (Overseas Workers Welfare Administration); returning overseas Filipinos (ROFs) and off-signers crew of shipping companies.

For the period ended March 31, 2021 and 2020, the Group has reported net losses of ₱157.4 million and ₱94.6 million which resulted to capital deficiency amounting ₱340.0 million as at March 31, 2021.Furthermore, the Group’s current liabilities exceeded its current assets by ₱564.1 million and ₱423.4 million as at March 31, 2021 and December 31, 2020, respectively.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern.

Management will continue to carry out activities to pursue business opportunities related to its gaming, hotel, and rental operations. The Group's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows to meet its maturing obligations. To address such condition, the Group implemented certain cost-saving measures to reduce its fixed and variable costs. The Group also continuously boost its marketing efforts to increase foot traffic within the property while closely working with PAGCOR to ensure compliance with PAGCOR's memorandum and directives. The Group is also exploring new business opportunities.

The Group's ability to continue as a going concern is dependent on the commitment to defer payment of advances from related party and stockholders, waiver of management service fees and extension of credit line facility by a local bank.

On July 23, 2021, the Group obtained the approval of its request from a local bank to defer its loan principal payments. Moreover, on July 30, 2021, a credit line facility was extended by a local bank to the Group (see Note 15). This is to ensure that the Group has adequate funds for its working capital needs and to meet its maturing obligations.

2. Agreements with PAGCOR

The following are the significant contracts entered by the Group with PAGCOR:

a. *PTO granted to the Parent Company*

   As discussed in Note 1 to the consolidated financial statements, the Parent Company was granted a PTO by PAGCOR for the establishment, maintenance and operation of PAGCOR San Lazaro on March 18, 2010. The PTO shall be for a period of 15 years commencing on January 6, 2016, the date of actual operation of PAGCOR San Lazaro. Management has assessed that the Parent Company is the operator of PAGCOR San Lazaro, in accordance with the provisions of the PTO.

   The agreement provides that while the Parent Company is in the process of forming its own management team and is cognizant of PAGCOR's expertise, experience and competence in gaming operations, the Parent Company requested PAGCOR to manage PAGCOR San Lazaro by giving PAGCOR an exclusive and direct control to supervise and manage PAGCOR San Lazaro's casino operations.

   For the duration of the agreement, the Parent Company shall receive forty percent (40%) of PAGCOR San Lazaro's monthly gross gaming revenues after deducting the players' winnings/prizes, the taxes that may be imposed on these winnings/prizes, franchise tax, and applicable subsidies and rebates.

   Upon revocation, termination or expiration of the PTO, the Parent Company undertakes to ship out of the Philippine territory, the gaming equipment and gaming paraphernalia in pursuance of Presidential Decree (P.D.) 519 and Letter of Instruction 1176 within 60 calendar days from the date of receipt or possession of the gaming equipment and gaming paraphernalia.

For income tax purposes, the Parent Company's revenue share in gaming operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended, otherwise known as the "PAGCOR Charter". Under P.D. 1869, earnings derived from the operation of casinos shall be imposed a 5% franchise tax, in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority.

b. *Traditional Bingo Operation of the Parent Company*
On January 19, 2016, the Parent Company was granted by PAGCOR the right to operate a traditional bingo operation at Winford Hotel and Casino. The terms of the bingo operation shall be coterminous with the term of the PTO. Under the agreement, the Parent Company shall remit, on a monthly basis, to PAGCOR 15% of the total gross receipt from sale of bingo tickets and cards, including electronically stored bingo cards played through an electronic device, instant game tickets and bingo game variant cards (presented as "Gaming fees" under "Operating costs and expenses") (see Note 21).

The agreement provides, among others, that all capital and operating expenditure (including the prizes) related to the bingo operation shall be for the sole account of the Parent Company.

In accordance with PAGCOR memorandum, bingo operation was temporarily suspended since March 13, 2020. As of the date of this report, the Group has not yet resumed its bingo operations.

c. *Junket Agreement granted to TSLC*
On May 16, 2016, TSLC was granted by PAGCOR the authority to bring in pre-registered foreign players to play in designated junket gaming areas in Winford Hotel and Casino with an initial four (4) junket gaming tables. Operation of gaming tables in excess of the initial four junket gaming tables shall be subject to PAGCOR's approval. The agreement is effective for a period of three years, commencing on day 1 of the gaming operation at the junket area but not later than six months from the date of the agreement.

In consideration of the grant by PAGCOR, the TSLC shall pay PAGCOR higher of (a) monthly Minimum Guarantee Fee (MGF) of US$10,000 per table or (b) ten percent (10%) of the monthly gross winnings generated from the junket gaming operations. The MGF shall be subject to an annual escalation at the rate of ten percent (10%) commencing on the second year of operation. The Group shall bear all salaries and other benefits in full of the junket monitoring personnel of PAGCOR who will be assigned to monitor the junket gaming operations. These expenses are presented as part of "Gaming fees" recorded under "Operating costs and expenses" (see Note 21). In addition to the monthly fee, TSLC shall remit five percent (5%) of the monthly gross winnings of the junket gaming operations to PAGCOR as franchise tax.

In compliance with the junket agreement, TSLC shall also deposit to PAGCOR the following:

a) an amount equivalent to six months of the minimum guaranteed fee for gaming tables for the junket gaming operations prior to the actual operation of the junket tables amounting to ₱17.0 million is recorded as part of "Trade non-related parties" under "Receivables" in the consolidated statements of financial position as of December 31, 2020 (see Note 7). The minimum guaranteed fee that is outstanding as of December 31, 2020 amounting to ₱17.0 million was collected in full in 2021.

b) an administrative charge deposit in the amount equivalent to six months manpower cost of PAGCOR's monitoring team for the junket gaming operation prior to the actual operation amounting to ₱2.9 million, which shall be made to cover TSLC's share in the cost of salaries and benefits of PAGCOR personnel assigned at the junket area in case the junket operations are suspended for reasons other than force majeure or fortuitous event. The administrative charge deposit is recorded as part of "Trade non-related parties" under "Receivables" in the consolidated statements of financial position as of December 31, 2019. In 2020, the administrative charge deposit was collected from PAGCOR.

c) a cash bond in the amount of ₱1.0 million upon execution of the Junket Agreement in favor of PAGCOR to ensure and secure TSLC's compliance with the terms and conditions of the agreement and PAGCOR's pre-operating requirements which are recorded as part of "Trade non-related parties" under "Receivables" in the consolidated statements of financial position as of December 31, 2019. In 2020, the cash bond was collected from PAGCOR.

All interest income accruing out of the above deposits shall pertain to PAGCOR.

Should TSLC cease operations, for reasons such as violation of terms or conditions as stated in the agreement with PAGCOR, one year or more after the commencement of the agreement but before the end of its term, only TSLC's cash bond and administrative charge deposit shall be forfeited in favor of PAGCOR. The gaming deposit shall be returned to TSLC after deducting any unpaid fees owed by the TSLC to PAGCOR.

On August 1, 2019, the junket agreement between TSLC and PAGCOR expired. The junket agreement was no longer renewed.

In 2019, TSLC generated revenue of ₱0.8 million and presented as part of "Other revenue" in the statement of comprehensive income (nil in 2020 and 2018).

3. Basis of Preparation and Statement of Compliance

Basis of Preparation

The unaudited interim consolidated financial statements are prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (Peso or ₱), which is the Group's functional and presentation currency. All amounts are rounded off to the nearest Peso, except when otherwise indicated (see Note 1).

The unaudited interim consolidated financial statements have been prepared under the going concern assumption. The Group believes that its business would remain relevant despite challenges posed by the COVID-19 pandemic.

Statement of Compliance

The unaudited interim consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs include both standard titles PFRS and Philippine Accounting Standards (PAS), and Philippine Interpretations based on equivalent interpretations from International Financial Reporting Interpretations Committee (IFRIC) as issued by the Philippine Financial Reporting Standards Council (FRSC).

4. **Summary of Changes in Accounting Policies and Disclosures**

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

  The Group did not enter into any business combinations during the year.

- 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.

  The amendments did not have any material impact to the Group.

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

  The amendments 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.

  The amendments did not have any material impact to the Group.

- 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.

The revised Conceptual Framework did not have any material impact to the Group.

- 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 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.

<u>Standards Issued but not yet Effective</u>
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 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.

  The amendments will apply when the Group sells its property, plant and equipment in the future.

- 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.

  - 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 Group is currently assessing its impact to the consolidated financial statements.

  - 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 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 FRSC 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.

5. Summary of Significant Accounting and Financial Reporting Policies, Significant Accounting Judgements, Estimates and Assumptions

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary where the parent has control. 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 a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting 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 re-assesses 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 OCI are attributed to the equity holders of the parent 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 the subsidiary to bring their accounting policies in 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, non-controlling 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.

Accounting Policies of Subsidiaries
The financial statements of subsidiary are prepared for the same reporting year using uniform accounting policies as those of the Group.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the consolidated financial statements of each entity are measured using that functional currency.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in the 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 the 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.

Fair Value Measurement
The Group measures financial instruments at each reporting date. Additional fair value related disclosures including fair values of financial instruments measured at amortized cost (AC) are disclosed in Note 23.

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 to 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 non-financial 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 the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments - Classification and Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:
- financial assets measured at AC
- financial assets measured at fair value through profit or loss (FVTPL)
- financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual Cash Flows Characteristics
If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

Business Model
The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial Assets at AC
A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. Financial assets at AC 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 financial assets at AC include cash in banks, receivables (excluding "advances from employees"), deposits (presented as part of "Prepayments and other current assets" in the consolidated financial statements), noncurrent portion of receivable arising from PTO and long-term deposits (presented as part of "Other noncurrent assets" in the consolidated financial statements).

Financial Assets at FVTPL
Financial assets at FVTPL are measured at fair value unless these are measured at AC or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent SPPI. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the consolidated statements of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statements of comprehensive income.

Additionally, even if the asset meets the AC or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

As of March 31, 2021, the Group does not have financial assets at FVTPL.

Financial Assets at FVOCI

Debt Instruments
A debt financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until

the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the estimated credit loss (ECL) model.

As of March 31, 2021, the Group does not have debt instruments at FVOCI.

Equity instruments
The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments designated at FVOCI are not subject to impairment assessment.

As of March 31, 2021, the Group does not have equity instruments at FVOCI.

<u>Derecognition</u>
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:
- the rights to receive cash flows from the asset expires;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through 'arrangement; the Group 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.

<u>Impairment of Financial Assets</u>
The Group recognizes an allowance for expected credit losses (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 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).

<u>Loss Allowance</u>
For cash in banks, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For receivables, deposits and long-term deposits, 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.

Write-off Policy
The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Classification of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, 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.

For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at FVTPL
- Financial liabilities at AC (loans and borrowings)

The Group's financial liabilities include accounts payable and other current liabilities, and loans payable.

Financial liabilities at FVTPL
Financial liabilities at FVTPL 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 IFRS 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 statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Group has not designated any financial liability as at FVTPL.

Financial liabilities at AC (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at AC 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 statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings, accounts payable and other current liabilities, retention payables, and advances from stockholders.

Derecognition
A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in profit or loss in the consolidated statement of comprehensive income.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

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 a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Reclassifications of Financial Instruments
The Group reclassifies its financial instruments when, and only when, there is a change in the business model for managing the financial instruments. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial instruments.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the 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, to realize the assets and settle the liabilities simultaneously.

Cash
Cash in the consolidated statements of financial position comprises of cash on hand and cash in banks.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and condition are accounted for using the first-in/first-out basis. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

VAT
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statements of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the "Input VAT," "Deferred input VAT," or "Accounts payables and other current liabilities" in the consolidated statements of financial position

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 of within the normal operating cycle.

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 "Prepayment and other current assets" in the consolidated statements of financial position. CWT is stated at its estimated NRV.

Property and Equipment
Property and equipment, except land, are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of comprehensive income as incurred and is stated at cost less accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful Lives in Years
Building	30
Machinery	10
Non-gaming equipment	5
Kitchen and bar equipment, computer software and hardware	3

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive income when the asset is derecognized.

Investment Properties
The Group's investment properties consist of building held for lease. Investment properties are measured initially cost, including transaction costs and subsequently measured at cost less any accumulated depreciation and impairment.

Depreciation of investment properties commences once they become available for use and is calculated on a straight-line basis over the estimated remaining useful life of 26 years.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Advances to Contractors and Suppliers
Advances to contractors and suppliers are noninterest bearing down payments which are applied against progress billings by the contractors and suppliers. Advances to contractors and suppliers are presented under "Other noncurrent assets" in the consolidated statement of financial position.

Operating Equipment
Operating equipment (shown as part of "Other noncurrent assets") includes linens uniforms, and utensils, which are carried at cost. Bulk purchases of items of operating equipment with expected usage period of beyond one year are classified as noncurrent assets and are amortized over three years.

Impairment of Non-Financial Assets
The Group assesses, at each reporting date, whether there is an indication that the non-financial assets may be impaired or whether there is an indication that a previously recognized impairment loss may no longer exist or may have decreased. If such indications exist, the Group makes an estimate of the asset's recoverable amount. An assets' recoverable amount is the higher of the assets' or cash generating unit's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

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.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In cases where the impairment loss no longer exists or may have decreased due to a change in estimates, the carrying amount of an asset is increased to its recoverable amount to the extent that the amount cannot exceed the carrying amount, net of depreciation or amortization, had no impairment loss been recognized in prior years. Impairment loss or its reversal is recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

Contract Liabilities
A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract liabilities include payments received by the Group from the customers for which revenue recognition has not yet commenced. Accordingly, hotel deposits, banquet customers, advance collection for purchase of bingo cards, services received from customers, and lessees are recorded as contract liabilities until services or goods are provided or sold to the customers. Contract liabilities as of December 31, 2020 and 2019 are recognized under “Accounts payable and other current liabilities” in the notes to the financial statements.

Retention Payable
Retention payable represents the portion of contractor billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until the defects have been corrected.

Deposit for Future Stock Subscription
Deposit for future stock subscription represents amounts received that will be applied as payment in exchange for a fixed number of the Group’s own equity instruments, and presented in the noncurrent liabilities section of the consolidated statements of financial position. These are measured at cost and are reclassified to capital stock upon issuance of shares.

In accordance with Financial Reporting Bulletin (FRB) No. 6 issued by the SEC, the following elements should be present as of the reporting date in order for the deposits for future stock subscriptions to qualify as equity:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is a BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is stockholders’ approval of said proposed increase; and
- The application for the approval of the proposed increase has been presented for filing or filed with the Commission.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability.

Capital Stock
Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Incremental costs incurred that are directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Deficit
Deficit pertains to accumulated gains and losses, and may also include effect of changes in accounting policies as may be required by the standards' transitional provisions.

Revenue Recognition
The Group's revenue from contracts with customers primarily consist of hotel accommodation services, food and beverage, bingo services 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.

Revenue Share in Gaming Operations
Revenue share in gaming operations represents a certain percentage share of gross winnings after deducting the players' winnings/prizes, franchise tax and applicable subsidies and rebates. The revenue share in gaming operations comprise of the revenue from allowing PAGCOR to use the Group's gaming facilities and gaming equipment.

Revenue from Hotel
Revenue from hotel is recognized over time as the service is rendered to the customer, generally when the hotel services are performed. Deposits received from customers in advance on rooms are recorded under "Contract liabilities" until services are provided to the customers.

Revenue from Food and Beverage
Revenue from food and beverage is recognized at point in time when the control of the goods is transferred to the customer, generally when the goods are delivered.

Revenue from Bingo Operations
Revenue from bingo operations represents net sales from the conduct of bingo operations. Net sales is defined as the total gross receipts from sale of bingo tickets and cards and daubers less prizes/winnings. Revenue is recognized at point in time upon the conduct of the bingo operations.

Rental Income
Rental revenue from the leasing of certain areas of the hotel held under operating lease are recognized on a straight-line basis over the periods of the respective leases.

Other Revenue
Other revenue consists of tobacco sales, laundry services, parking fees, charges for utilities consumed by lessee and income from junket operations.

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 advances to related parties.

Loyalty Program Points
The Group operates loyalty program to encourage repeat business mainly from loyal slot machine customers and table game patrons. Members earn points primarily based on gaming activities and such points can be redeemed for goods and 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.

Operating Costs and Expenses

Costs and expenses are recognized in the consolidated statements of comprehensive income upon utilization of the service or at the date they are incurred.

Gaming Fees

As a grantee of PAGCOR, the Group is required to pay PAGCOR a percentage of its gross receipts from bingo operations. These fees are recorded as part of "Gaming fees" under "Operating costs and expenses".

Income Tax

Current Income Tax

Current income tax assets and liabilities 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 date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when 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 carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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 date 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 asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits 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 year 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 date.

Deferred 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 tax liabilities are offset if and only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Retirement Benefits

The Group does not have an established retirement plan and only conform with Republic Act (RA) 7641, Retirement Pay Law, which is a defined benefit type.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise service cost, net interest on the net defined benefit liability or asset and re-measurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Leases

Group as a Lessor - Operating lease

Lease in which the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as a Lessor - Finance lease
Lease in which the Group transfers substantially all the risks and benefits of ownership of the assets are classified as finance lease. Lease collections are apportioned between the finance income and the reduction of the outstanding receivable so as to achieve a constant periodic rate of interest on the remaining balance of the receivable for each period. Finance income are charged directly against profit or loss. A combination of the following would normally lead to a lease being classified as finance lease:

a. ownership of the asset to the lessee by the end of the lease term.
b. the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised.
c. the lease term is for the major part of the economic life of the asset even if title is not transferred.
d. at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
e. the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee
The Group has not entered into any lease arrangement other than short-term leases of which the Group applies the short-term lease recognition exemption. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Lease Modification.
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statements of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Earnings (Loss) Per Share
Earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year adjusted to give retroactive effect to any stock dividends declared during the year.

Basic earnings (loss) per share is calculated by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year.

Diluted earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares taking into account the effects of all potential dilutive common shares.

Segment Reporting

For management purposes, the Group is organized and managed separately according to the nature of the business. These operating businesses are the basis upon which the Group reports its segment information presented in Note 22.

An operating segment is a component of an entity:

a. that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b. with operating results regularly reviewed by the entity's chief of operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
c. for which discrete financial information is available.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used are based on management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from the estimates and assumptions used. The effects of any change in estimates or assumptions are reflected in the consolidated financial statements when these become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated financial statements.

Assumption on Going Concern

The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. Management believes that it will be able to generate positive cash flows and has obtained from its creditor banks the approval to defer loan payments and credit facilities. In making this judgment, the Company evaluates among other factors, existing and committed cash reserves, challenges imposed by the COVID-19 pandemic, current run-rate performance of the business as well as expected future performance based on internal models informed by competitive market dynamics and macroeconomic factors. Accordingly, the financial statements are prepared on a going concern basis since management has concrete plans with regards to the Group as disclosed in Note 1.

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 the Lessor - Operating Lease Commitments
The Group has entered into various operating lease agreements as a lessor. The Group has determined that it has retained substantially all the risks and benefits of ownership of the assets. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life. Accordingly, the lease is accounted for as an operating lease.

Group as the Lessor - Finance Lease Commitments
The Group has entered into agreements with PAGCOR involving its gaming equipment. The Group has determined that the lease term is for the major part of the asset's economic life. In calculating the present value of the minimum lease payments to measure the finance lease receivable at initial recognition, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine it; otherwise, the lessee's incremental borrowing rate is used. Initial direct costs incurred, if any, are included as part of the asset.

Revenue from Contracts with Customers
The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying of contracts 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.

- *Identifying performance obligations*
  The Group provides hotel services, food and beverage sales, bingo services and other sales and services to its customers. The Group has determined that each of the services are capable of being distinct.

Recognition of Deferred Tax Assets
The Group makes an estimate and judgment of its future taxable income and reviews the carrying amount of the deferred tax assets at each reporting date.

From the casino operations, no deferred tax assets will be recognized since the Group's income from casino operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended (see Note 2).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below.

Definition of Default and Credit-Impaired Financial Assets
Upon adoption of PFRS 9, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria*
  The borrower is more than 90 days past due on its contractual payments, which is consistent with the Group's definition of default.
- *Qualitative Criteria*
  The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

  a) The borrower is experiencing financial difficulty or is insolvent;
  b) The borrower is in breach of financial covenant(s);
  c) Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
  d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Group's ECL calculation.

Simplified Approach for Receivables
The Group uses a provision matrix to calculate ECLs for 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 ECL 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.

Macro-economic Forecasts and Forward-looking Information
Macro-economic forecasts are 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 three years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

In light of COVID-19 pandemic, the Company reviewed the conduct of its impairment assessment and ECL methodology. The Company also reassessed the framework for macroeconomic overlay, incorporating pandemic scenarios to ensure that changes in economic conditions are captured in the ECL calculations.

Allowance for expected credit losses recognized in 2021 and 2020 amounted to ₱118.3 million and ₱118.3 million, respectively. The carrying amounts of receivables (including “Receivable arising from PTO related to gaming equipment – net of current portion ” presented as part of “Other Noncurrent Assets”) amounted to ₱496.2 million and ₱535.2 million as at March 31, 2021 and 2020, respectively (see Note 7 and 13).

Estimation of the Useful Lives of Property and Equipment and Investment Properties
The useful lives of each of the Group’s property and equipment and investment properties are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of each asset are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned above. A reduction in the estimated useful lives of any property and equipment and investment property would increase the recorded operating expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property and equipment in 2020, 2019 and 2018. The carrying value of property and equipment and investment properties as of December 31, 2020 and 2019 are disclosed in Notes 11 and 12 to the consolidated financial statements, respectively.

Impairment of Property and Equipment and Investment Properties
The Group determines whether its non-financial assets are impaired whenever events or changes in circumstances indicate that the carrying values of the assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following, among others:

- significant underperformance relative to expected historical or projected operating results;
- significant changes in the manner of use of acquired assets or the overall business strategy; and
- significant negative industry or economic trends.

As a result of the continuing community quarantines and restricted travel, the Group’s revenue from casino, hotel and restaurant operations continues to be adversely affected by the lower number of operating days and guests. In addition, the lessee’s operations have not yet commenced due to the suspension of its construction activities in the Group’s investment properties, brought about by the COVID-19 pandemic. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and investment properties.

The Group estimates the recoverable amount of the property and equipment and investment properties based on value in use. For property and equipment, value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 5-year forecast. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID -19 pandemic.

For investment properties, value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 9-year forecast of cash flows relating to its lease contract. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the coronavirus pandemic.

The forecasted costs and expenses are based on the Group's historical performance and current market conditions.

Based on the Group's impairment testing, no impairment loss was recognized for the years ended March 31, 2021 and 2020. The net book values of the Group's property and equipment and investment properties amounted to ₱3,713.4 million and ₱737.1 million, respectively, as of March 31, 2021 and ₱ 3,766.1 million and ₱744.6 million , respectively, as of December 31, 2020 (see Notes 11 and 12)

Impairment of Input VAT
The determination of the Group's recoverability of Input VAT is based on the Group's assessment of its projected operating results taking into consideration the significant impact of COVID-19 pandemic in the industry. The Group assessed that the current portion of input VAT amounting to ₱18.0 million is recoverable within the next 12 months from the reporting date and non-current portion amounting to ₱439.3 million is recoverable for the years thereafter (see Note 9). No impairment loss was recognized as of and for the period ended March 31, 2021.

6. **Cash**

This account consists of:

	March 31, 2021 ***(Unaudited)***	December 31, 2020 *(Audited)*
Cash on Hand	**₱ 6,163,407**	₱1,910,295
Cash in Bank	**42,669,871**	19,139,102
	₱ 48,833,278	₱ 21,049,397

Cash in banks generally earns interest at the respective bank deposit rates. Total interest income earned from cash in banks amounted to ₱0.02 million and ₱0.04 million in 2021 and 2020, respectively.

7. **Receivables**

This account consists of:

	March 31, 2021 ***(Unaudited)***	December 31, 2020 *(Audited)*
Trade:		
Non-related parties	**₱74,438,000**	₱ 84,177,684
Related parties (Note 18)	**418,347**	418,347
Nontrade	**125,681,357**	125,681,357
Receivable arising from PTO related to:		
Gaming equipment (Note 16)	**83,143,924**	80,983,264

Gaming facility	**17,611,030**	27,839,504
Advances to employees	**3,453,426**	3,247,805
	304,746,084	322,347,961
Less: Allowance for ECL	**118,264,139**	118,264,139
	₱186,481,945	₱204,083,822

Trade receivables consist mainly of claims against the lessees of the building spaces for commercial operations, claims against the travel agencies for the hotel accommodations and claims for deposits by TSLC to PAGCOR under Junket Agreement (see Note 2). These receivables are usually collected within 30 to 60 days.

Nontrade receivables mainly pertain to noninterest-bearing receivable from a third party for consideration related to certain disposed assets.

Receivable arising from PTO pertains to the outstanding balance of the Group's revenue share in gaming operations related to gaming facility and gaming equipment after deducting the players' winnings and prizes, the taxes that may be imposed on these winnings/prizes, franchise tax, and applicable subsidies and rebates, which shall be remitted to the Group within 15 days of the following month in accordance with the PTO.

Allowance for ECL

The following table shows the roll forward of the allowance for expected credit losses as of March 31, 2021 and December 31, 2020:

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Balance at beginning of year	**₱118,264,139**	₱110,381,917
Provision	**-**	7,882,222
	₱118,264,139	₱118,264,139

8. **Inventories**

This account consists of:

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
At cost:		
Operating supplies	**₱ 14,553,620**	₱ 15,784,488
Food, beverage, and tobacco	**1,599,366**	4,421,866
	₱ 16,152,986	₱ 20,206,354

Operating supplies include cards, seals and dice.

No allowance for inventory obsolescence was recognized in 2021 and 2020.

9. Input VAT

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Input VAT- current	**₱18,027,145**	₱10,931,369
Noncurrent:		
Input VAT – noncurrent	**425,791,822**	427,061,029
Deferred input VAT	**13,513,744**	13,728,189
	439,305,566	440,789,218
	₱457,332,711	₱451,720,587

Input VAT pertains mainly to the Group's purchase of goods and services which can be claimed as credit against the future output VAT liabilities without prescription.

Deferred input VAT pertains to the VAT related to certain retention payable and noncurrent portion of input VAT related to acquisition of capital goods exceeding ₱1.0 million.

10. Other Current Assets

This account consists of:

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Restricted cash (Note 15)	**₱ 69,665,200**	₱ 103,562,631
Deposits	**5,566,780**	4,191,787
Creditable withholding taxes	**5,154,635**	4,920,241
Prepayments	**2,437,845**	1,398,995
Others	**656,385**	-
	₱ 83,480,845	₱ 114,073,654

Restricted cash are interest-bearing special accounts which are solely being used to maintain fund for loan quarterly payments in compliance with the requirements of the loan agreement (see Note 15). Total interest income earned from cash in banks amounted to ₱0.02 million and ₱0.04 million in 2021 and 2020, respectively.

CWT pertains to the taxes withheld by the withholding agent from the payment to the Group.

Deposits pertain to deposit for electricity connection, security deposit for billboard, and advance payments for operating supplies and television advertisements.

Prepayments pertain to advance payments for software maintenance, advertising services and health insurance.

11. Property and Equipment

This account consists of:

	Land	**Building**	**Machinery**	**Non-gaming equipment**	**Kitchen and bar equipment, computer software and hardware**	**Total**
Cost						
Balance at beginning of year	**₱600,800,000**	**₱ 3,498,790,353**	**₱221,699,406**	**₱466,156,794**	**₱ 639,966,552**	**₱ 5,427,413,105**
Additions	**–**	**2,968,113**	**–**	**419,141**	**414,229**	**3,801,483**
Balance at end of year	**600,800,000**	**3,501,758,466**	**221,699,406**	**466,575,935**	**640,380,781**	**5,431,214,588**
Accumulated depreciation						
Balance at beginning of year	**–**	**536,976,508**	**100,146,327**	**396,672,105**	**627,497,596**	**1,661,292,536**
Depreciation (Note 21)	**–**	**30,030,751**	**5,394,729**	**18,328,369**	**2,749,357**	**56,503,206**
Balance at end of year	**–**	**567,007,259**	**105,541,056**	**415,000,474**	**630,246,954**	**1,717,795,742**
Net book value	**₱600,800,000**	**₱ 2,934,751,207**	**₱ 116,158,350**	**₱ 51,575,461**	**₱ 10,133,827**	**₱ 3,713,418,846**

	Land	Building	Machinery	Non-gaming equipment	Kitchen and bar equipment, computer software and hardware	Total
Cost						
Balance at beginning of year	₱600,800,000	₱ 3,489,843,089	₱221,699,406	₱ 464,754,666	₱ 636,513,164	₱ 5,413,610,325
Additions	–	8,947,264	–	1,402,128	3,453,388	13,802,780
Balance at end of year	600,800,000	3,498,790,353	221,699,406	466,156,794	639,966,552	5,427,413,105
Accumulated depreciation						
Balance at beginning of year	–	417,459,176	76,342,833	302,716,169	615,005,330	1,411,523,508
Depreciation (Note 21)	–	119,517,332	23,803,494	93,955,934	12,492,266	249,769,026
Balance at end of year	–	536,976,508	100,146,327	396,672,103	627,497,596	1,661,292,534
Net book value	₱600,800,000	₱ 2,961,813,845	₱ 121,553,079	₱ 69,484,691	₱ 12,468,956	₱ 3,766,120,571

As of March 31, 2021 and December 31, 2020, land and building, including the amount reclassified to investment properties (see Note 12), with an aggregate carrying values of ₱4.3 billion and ₱4.3 billion were pledged as collateral for the loan facility, respectively (see Note 15).

The cost of fully depreciated property and equipment which are still in use amounted to ₱725.4 million and ₱613.7 million in 2020 and 2019, respectively.

In 2019, the Parent Company sold a kitchen and bar equipment which resulted to a gain of ₱13.4 million (nil in 2020). Proceeds from sale of kitchen and bar equipment is recorded as part of "Trade non-related parties" under "Receivables" in the consolidated statements of financial position as of March 31, 2021 and December 31, 2020 (see Note 7).

As of March 31, 2021 and December 31, 2020, the Group has outstanding retention payable to its service providers related to renovation and improvements to the building amounting to ₱4.1 million and ₱7.9 million, respectively.

Impairment

As a result of the continuing community quarantines and restricted travel brought about by COVID-19 pandemic, the Group's revenue from casino, hotel and restaurant operations continues to be adversely affected by the lower number of operating days and guests. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment.

The Group estimates the recoverable amount of the property and equipment based on value in use. The value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 5-year forecast. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID -19 pandemic.

Based on the Group's impairment testing on property and equipment, no impairment loss was recognized in 2021 and 2020 (see Note 5).

12. **Investment Properties**

In 2019, the Parent Company entered into a lease agreement with a third party to lease and convert the parking and roof-deck area of Winford Hotel and Casino, with a total area of 15,718 sqm, into an office space for lease. Upon execution of the lease agreement, the Parent Company reclassified the portion of the property and equipment held for lease into "Investment properties" amounting to ₱ 781.8 million

The movements in the carrying amount of investment property is shown below:

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Cost	**₱781,802,218**	₱781,802,218
Accumulated depreciation	**44,674,413**	37,228,677
Net book value	**₱ 737,127,805**	₱ 744,573,541

Movement of accumulated depreciation:

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Beginning	**₱37,228,677**	₱7,445,736
Depreciation expense (Note 21)	**7,445,736**	29,782,941
Accumulated depreciation	**₱44,674,413**	₱ 37,228,677

No rental income was recognized in 2021 and 2020. Operating expenses related to the investment properties amounted to ₱8.0 million and ₱5.6 million in 2021 and 2020 respectively, which pertains mainly to real property taxes. There were no significant repairs and maintenance were made to maintain the Parent Company's investment properties in 2021 and 2020.

Impairment

As a result of the continuing community quarantines and restricted travel brought about by COVID-19 pandemic, the third-party lessee's operations have not yet commenced due to the suspension of its construction activities in the Group's investment properties. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and investment properties.

The Group estimates the recoverable amount of the investment properties based on value in use. Value in use calculations for investment properties uses pre-tax cash flow projections based on the prospective financial information using 9-year forecast of cash flow relating to its lease contract, taking into consideration the impact associated with the COVID-19 pandemic. The forecasted costs and expenses are based on the Group's historical performance and current market conditions.

Based on the Group's impairment testing on investment properties, no impairment loss was recognized in 2021 and 2020.

13. **Other Noncurrent Assets**

This account consists of:

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Receivable arising from PTO related to gaming equipment - net of current portion (Notes 16)	**₱309,677,345**	₱331,107,901
Long-term deposits	**6,267,386**	6,267,386
Advances to contractors and suppliers	**4,779,331**	4,779,331
Operating equipment	**1,679,665**	1,906,434
	₱322,403,727	₱344,061,052

Long-term deposits pertain to guarantee payment for utility bills.

Movement in operating equipment are as follows:

	March 31, 2021 *(Unaudited)*			
	Utensils	**Linens**	**Uniforms**	**Total**
Cost				
Balance at beginning of year	**₱ 23,562,076**	**₱ 72,633,142**	**5,449,609**	**₱ 101,644,827**
Additions	–	–	–	–
Balance at end of year	**23,562,076**	**72,633,142**	**5,449,609**	**101,644,827**
Accumulated amortization				
Balance at beginning of year	**23,562,076**	**71,143,836**	**5,032,481**	**99,738,393**
Amortization (Note 21)	–	**163,827**	**62,942**	**226,769**
Balance at end of year	**23,562,076**	**71,307,663**	**5,095,423**	**99,965,162**
Net book value	**₱–**	**₱ 1,325,479**	**₱ 354,186**	**₱ 1,679,665**

	December 31, 2020 *(Audited)*			
	Utensils	Linens	Uniforms	Total
Cost				
Balance at beginning of year	₱ 23,562,076	₱ 70,917,497	₱5,340,259	₱ 99,819,832
Additions	–	1,715,645	109,350	1,824,995
Balance at end of year	23,562,076	72,633,142	5,449,609	101,644,827
Accumulated depreciation				
Balance at beginning of year	23,562,076	70,816,300	4,556,182	98,934,558
Amortization	–	327,536	476,299	803,835
Balance at end of year	23,562,076	71,143,836	5,032,481	99,738,393
Net book value	₱–	₱ 1,489,306	₱ 417,128	₱ 1,906,434

14. **Accounts Payable and Other Current Liabilities**

This account consists of:

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Accounts payable	**₱ 345,248,690**	₱ 364,244,546
Accrued expenses	**184,302,940**	155,934,953
Gaming liabilities	**42,719,300**	39,147,990
Contract liabilities	**16,315,225**	16,558,725
Advances from related parties (Note 18)	**4,982,104**	4,982,104
Taxes payable	**7,184,426**	3,962,415
Others	**23,426,507**	22,693,718
	₱ 624,179,192	₱ 607,524,451

Accounts payable are noninterest-bearing and are normally settled within 30 to 60 days after the billing was received.

Accrued expenses pertain to accrual of payroll, other employee benefits, utilities, travel and transportation, meeting and conferences, security services and service fees, professional fees, among others, which are normally settled in the next financial year.

Gaming liabilities include provision for progressive jackpot on slot machine and for points earned from point loyalty programs.

Contract liabilities pertain to hotel deposits, banquet customers, advance collection for purchase of bingo cards, services received from customers, and lessees are recorded as contract liabilities until services or goods are provided or sold to the customers. The revenue recognized from prior year performance obligations amounts to ₱0.2 million and ₱1.8 million for the period ended March 31, 2021 and 2020, respectively.

Taxes payable pertains to taxes withheld by the Group from its contractors and suppliers from payments made mainly in relation to the construction of building and output VAT.

Others include deposits which shall be applied as payment for future bookings of hotel rooms, statutory liabilities and other various individually insignificant items.

15. Loans Payable

This account consists of:

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Principal	**₱2,307,900,000**	₱2,307,900,000
Less unamortized debt discount	**(14,299,323)**	(15,117,333)
	2,293,600,677	2,292,782,667
Less current portion of long-term debt	**(244,045,870)**	(138,039,293)
	₱2,049,554,807	₱2,154,743,374

The movements in the principal balance of loans payable are as follows:

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Balance at beginning of year	**₱2,307,900,000**	₱2,355,000,000
Payment	–	(47,100,000)
Balance at end of year	**₱2,307,900,000**	₱2,307,900,000

The movements in unamortized debt discount follow:

	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Unamortized debt discount at beginning of year	**₱15,117,333**	₱17,362,110
Additions*	–	1,966,404
Amortization	**(818,010)**	(4,211,181)
Unamortized debt discount at end of year	**₱14,299,323**	₱15,117,333

**Recorded as "Interest expense and other financing charges" in the consolidated statements of comprehensive income*

Future repayment of the principal as follows:

	March 31, 2021 ***(Unaudited)***	December 31, 2020 *(Audited)*
Within one year	**₱247,275,000**	₱141,300,000
After one year but not more than five years	**2,060,625,000**	2,166,600,000
	₱2,307,900,000	₱2,307,900,000

In 2015, the Parent Company signed a 7-year loan agreement with a local bank for a ₱3.5 billion loan with an interest rate of 7-year Philippine Dealing System Treasury Reference Rates 2 (PDST-R2) plus 125 basis points at drawdown date, plus gross receipts tax (the "Original Loan"). The proceeds from this loan was initially availed of to fund the acquisition of gaming system and equipment, hotel furniture and equipment and permanent working capital of the Parent Company. In November 2015, the Parent Company drew ₱2.5 billion receiving proceeds of ₱2.5 billion, net of related debt issue cost of ₱30.0 million. Subsequently, in April 2016, the Parent Company drew the remaining ₱1.0 billion from the loan facility, receiving proceeds of ₱995.0 million, net of documentary stamp tax amounting ₱5.0 million. Debt issue costs for both loans include documentary stamp tax amounting to ₱17.5 million and upfront fees amounting to ₱17.5 million. Both loans will mature on November 27, 2022.

On November 22, 2019, the Parent Company entered into 7-year loan agreement amounting to ₱2.4 billion with another local bank. This loan has an interest rate of 7-year Philippine Bloomberg Valuation Service (BVAL) Reference Rates plus 125 basis points at drawdown date, plus gross receipts tax (the "New Loan"). Interest on the outstanding principal amount shall be paid on each quarterly interest payment date. The proceeds from the loan was availed solely to refinance the outstanding balance of its ₱3.5 billion loan, funding the Parent Company's debt service accounts and financing related expenses for general corporate purposes.

On November 27, 2019, the Parent Company drew the full amount under the New Loan, receiving proceeds of ₱2.3 billion, net of related debt issue cost of ₱17.7 million. As a result, the Parent Company derecognized the Original Loan together with the unamortized debt issue cost and recognized prepayment penalty aggregating ₱34.8 million as "Interest expense and other financing charges" in the parent company statements of comprehensive income.

In June 2020, the bank provided a favorable payment scheme of the loan obligations for principal and interest payments in light of the COVID-19 crisis. In August 2020, the bank further approved the relief previously agreed in June 2020. The Parent Company availed of the following reliefs and renegotiated the terms of its existing loan agreements with the bank:

- *Principal repayments and interest payment*
  Quarterly principal repayment due in June 2020 is deferred to May 2021. Quarterly interest payment shall be changed to monthly starting June 2020 to February 2021 and shall revert to quarterly payments starting May 2021 coinciding with the principal repayment from May 2021 to November 2026.

- *Term loan covenants*
  Debt Service Payment Account (DSPA) shall have no build-up on principal plus interest due until April 2021. The monthly buildup will resume starting May 2021 onwards equivalent to one-third of next principal plus interest due.

Debt Service Reserve Account (DSRA) requirement of equivalent to two quarters of principal plus interest shall be deferred to May 2021 onwards.

Restriction with respect to quarterly calculation of debt-equity ratio and debt service coverage ratio is waived and will resume on September 2021 based on June 30, 2021 interim financial statements.

In addition, quarterly principal and interest repayments starting May 2021 were further extended to July 2021 or a 60-day extension by virtue of Bayanihan to Heal as One Act (RA 11469).

Based on the Parent Company's assessment, these modifications in the contractual cash flows are not substantial and therefore do not result in the derecognition of the affected financial liabilities.

Under the loan agreement, the Parent Company is required to maintain a debt service accounts to fund the quarterly principal and interest payments of the loan in accordance with the loan agreement. The cash amounting to ₱69.7 million and ₱103.7 million in 2021 and 2020 respectively, are presented under "Prepayments and other current assets" as "Restricted cash" (see Note 10).

The related interest recognized from the loans amounted to ₱36.1 million and ₱39.2 million for the period ended March 31, 2021 and 2020, respectively. Total interest paid amounted to ₱36.1 million and ₱42.1 million for the period ended March 31, 2021 and 2020, respectively.

The loan is secured by the Parent Company's land and building, classified as property and equipment and investment properties in the parent company statements of financial position, with an aggregate carrying value of ₱4.3 billion and ₱4.3 billion as of March 31, 2021 and December 31, 2020, respectively (see Notes 11 and 12).

In July 23, 2021, the bank further provided a favorable payment scheme to the Parent Company due to the continuing COVID-19 situation affecting the Parent Company and additional credit lines. Details are as follows:

- *Principal repayments*

  Quarterly principal repayment due in July 2021 was deferred to January 2023. Accordingly, current portion of the loans payable amounting to ₱244.0 million as of March 31, 2021, will now be due in January 2023.

- *Term loan covenants*

  DSPA shall have no build-up up to October 2022. The monthly buildup will resume starting November 2022 onwards equivalent to one-third of next debt service.

  DSRA requirement of equivalent to two quarters of debt service starting July 2021.

  Restriction with respect to quarterly calculation of debt-equity ratio and debt service coverage ratio is waived and will resume on 2023 based on 2022 consolidated financial statements.

<u>Credit line facility</u>
On July 30, 2021, a local bank provided the Parent Company with a credit line facility amounting to ₱400.0 million. The unused credit line as of August 4, 2021 amounted to ₱400.0 million.

16. **Significant Commitments**

PTO

As discussed in Notes 1 and 2, the Parent Company was granted a PTO by PAGCOR for the establishment, maintenance and operation of PAGCOR San Lazaro on March 18, 2010. The PTO shall be for a period of fifteen (15) years commencing on January 6, 2016, the date of actual operation.

Under this arrangement, the Parent Company shall acquire, install, maintain and upgrade to keep abreast with the worldwide industry of casino gaming the following to be used for the operation of PAGCOR San Lazaro as approved and deemed necessary by PAGCOR:

(1) Certain number of gaming tables, table layout, chairs and other equipment and paraphernalia.
(2) A minimum number of new slot machines and an online token-less system of linking and networking all slot machines.

The use of slot machines and gaming tables (“Gaming Equipment”) by PAGCOR will be for the major part of the Gaming Equipment’s economic life.

In addition, the Parent Company shall also establish the gaming facility, including furnishings; undertake and shoulder the cost of designing, furnishing and maintaining PAGCOR San Lazaro.

The use of certain floors in the Parent Company’s building as gaming facility did not substantially transfer the risk and benefits related to the ownership of the building.

The Parent Company requested PAGCOR to manage PAGCOR San Lazaro and PAGCOR shall exclusively and directly control, supervise and manage PAGCOR San Lazaro.

The Parent Company’s share from gross gaming revenue of PAGCOR San Lazaro for the three months ended March 31, 2021 amounted to ₱56.2 million and ₱134.1 million in March 31, 2020. Portion of the share from gross gaming revenue of PAGCOR San Lazaro related to gaming equipment was applied as payment for receivable arising from PTO in 2021 amounting to ₱19.5 million. Accordingly, revenue share in gaming operations for the three months ended March 31, 2021 and 2020, presented in the consolidated statements of comprehensive income, amounted to ₱36.7 million and ₱117.0 million, respectively.

The details of the revenue share in gaming operations for the three months ended March 31, 2021 and 2020 are as follows:

	March 31, 2021 *(Unaudited)*	March 31, 2020 *(Unaudited)*
Revenue share from gaming operations related to:		
Gaming facility	**₱ 26,067,762**	₱104,850,428
Gaming equipment	**10,649,782**	12,011,540
	₱ 36,717,544	₱116,861,968

The future minimum collection related to the gaming equipment follows:

	March 31, 2021
Within one year	**₱ 120,464,370**
After one year but not more than five years	**344,868,066**

More than five years	**29,799,016**
	495,131,453
Less: unamortized portion of discount	**(102,310,184)**
	392,821,269
Less: current portion (Note 7)	**(83,143,924)**
Noncurrent portion (Note 13)	**₱309,677,345**

17. **Deposit for Future Stock Subscription**

The Group presented the deposit amounting to ₱2.4 billion as “Deposit for future stock subscription” under noncurrent liabilities in the consolidated statements of financial position as of December 31, 2020 and 2019, in accordance with FRB No. 6 as issued by the SEC.

As of August 04, 2021, the Parent Company is in the process of applying with SEC (Note 19).

18. **Related Party Transactions**

Entities and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Entities and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the entity, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Transactions with Related Parties

In the ordinary course of business, the Group has significant transactions with related parties as follows:

Party	**Amount/Volume**			**Receivable (Payable)**		**Financial Statements**		
	2021	2020	2019	**2021**	**2020**	**Account**	**Terms**	**Conditions**
Stockholder								
Manila Jockey Club, Inc. (MJCI)								
Deposit for future stock subscription (Note 17)	₱-	₱-	- ₱	₱ (321,233,646)	₱ (321,233,646)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances (a) (Note 14)	-	(11,285)	-	(4,982,104)	(4,982,104)	Advances from related parties	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Commission from the off-track betting (b) (Note 7)	-	(41,389)	-	418,347	-	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed

Various Shareholders								
Deposit for future stock subscription (Note 17)	-	-	-	(2,105,268,102)	(2,105,268,102)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances from stockholders (c)	(36,141,684)	102,704,215	-	(482,426,911)	(446,285,227)	Advances from stockholders	Interest-bearing and Non-interest bearing	Unsecured, unguaranteed
Interest payable on advances from stockholders (c)	(3,803,198)	13,534,528		(18,961,337)	(15,158,139)	Interest payable	Non-interest bearing	Unsecured, unguaranteed
Affiliate								
Manila Cockers Club, Inc. (MCI)								
Commission from the off-track betting (d), (e)	-	-	2,899,564	-	-	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed
				(2,426,501,748)	(2,426,501,748)	Deposit for future stock subscription		
				(4,982,104)	(4,982,104)	Advances from related parties		
				418,347	-	Receivable		
				(482,426,911)	(446,285,227)	Advances from stockholders		
				(18,961,337)	(15,158,139)	Interest payable		

(a) The Parent Company obtains advances for expenses such as office rental, utilities and other allowances of the Parent Company's employees.
(b) Share of the Parent Company on horse racing gross bets from off track betting station of MJCI located at Winford Hotel and Casino.
(c) The Parent Company obtains interest bearing advances from stockholders for additional funding on its capital expenditures.
(d) Share of the Parent Company on cockfighting gross bets from off track betting station of MCI located at Winford Hotel and Casino.
(e) MCI is an affiliate through a common stockholder, MJCI.

Key Management Personnel

Total key management personnel compensation of the Group amounted to ₱4.5 million, ₱8.5 million, for the three months ended March 31, 2021 and 2020, respectively. The compensations are short-term employee benefits.

The Group has no standard arrangement with regard to the remuneration of its directors. In 2021 and 2020, the BOD received directors' fees aggregating ₱0.2 million and nil, respectively (Note 21).

19. **Equity**

Capital Stock

The Parent Company has a total of 5,000,000,000 authorized shares, 3,174,405,821 issued and subscribed shares at ₱1.00 par value. The total issued, outstanding, and subscribed capital are held by 433 for the years 2019 and 2018, and 446 equity holders for the year 2017.

On April 12, 2018, the BOD approved the conduct of a stock rights offering in order to raise additional capital. The total number of shares to be issued is 1,587,202,910 common shares and the stock offer price shall be at ₱1.00 per share. The entitlement ratio shall be one rights share for every two common shares held as of record date.

On September 17, 2018, the BOD approved the offer price for the rights shall be ₱1.00 rights per share, if paid in full upon submission on the application to subscribe, or ₱2.00 per rights share, if paid on installment basis. As of August 4, 2021, the stock rights offering is still pending approval of SEC.

20. Basic/Diluted Loss Per Share

	March 31, 2021 *(Unaudited)*	March 31, 2020 *(Unaudited)*
Net loss for the year	**₱ 157,395,413**	₱94,616,691
Divided by weighted average number of outstanding common shares	**3,174,405,821**	3,174,405,821
Basic/diluted losses per share	**₱0.05**	₱0.03

The Group has no potential dilutive common shares as of March 31, 2021 and March 31, 2020. Therefore, the basic and diluted loss per share are the same as of those dates.

21. Operating Costs and Expenses

This account consists of:

	For the Three months ended March 31	
	2021 *(Unaudited)*	2020 *(Unaudited)*
Depreciation and amortization (Notes 11 and 12)	**₱64,175,710**	72,472,688
Taxes and licenses	**15,333,492**	9,982,363
Utilities	**14,983,717**	21,451,759
Salaries and wages	**14,551,341**	21,993,763
Repairs and maintenance	**9,913,696**	11,821,242
Service fee	**9,380,357**	9,380,357
Contracted services	**8,588,806**	18,377,351
Security services	**6,036,471**	9,440,299
Food, beverage, and tobacco	**4,526,609**	7,851,156
Advertising and marketing	**3,473,201**	7,086,412
Transportation and travel	**2,618,212**	1,934,391
Hotel room and supplies	**2,490,313**	5,065,310
Insurance	**2,069,631**	1,603,793
Communication	**1,826,159**	1,866,402
Professional fees	**1,436,867**	2,555,628
Supplies	**425,286**	588,222
Rent	**383,188**	752,345
Meetings and conferences	**330,000**	330,000
Retirement	**209,889**	209,889
Gaming fees	**125,267**	6,007,455
Director’s fee	**122,000**	-
Banquet expenses	**-**	3,964,001

	For the Three months ended March 31	
	2021	2020
	(Unaudited)	*(Unaudited)*
Entertainment	**-**	2,682,516
Others	**1,392,000**	5,689,531
	₱164,392,212	₱223,106,877

22. **Operating Segment Information**

The Group has two operating segments in 2021, 2020, and 2019. Gaming segment pertains to casino operations while non-gaming pertains to hotel operations. Management monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the total comprehensive loss on the consolidated financial statements. The Group's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Segment Revenue and Expenses
The segment results for the three and nine months ended March 31, 2021 and 2020 are as follows:

		2021	
	Gaming	**Non-gaming**	**Total**
Revenue	**₱36,717,544**	**₱11,403,645**	**₱ 48,121,189**
Operating costs and expenses	**(52,818,433)**	**(111,573,779)**	**(164,392,212)**
Other expenses – net	**(32,435,332)**	**(8,685,686)**	**(41,121,018)**
Provision for income tax	**(23)**	**(3,348)**	**(3,372)**
Net income (loss)	**₱ (48,536,244)**	**₱ (108,859,168)**	**₱ (157,395,413)**

		2020	
	Gaming	Non-gaming	Total
Revenue	₱125,804,971	₱41,171,672	₱ 166,976,643
Operating costs and expenses	(78,364,357)	(144,742,520)	(223,106,877)
Other expenses – net	(28,831,134)	(9,647,585)	(38,478,718)
Provision for income tax	(426)	(7,313)	(7,739)
Net loss	₱ 18,609,055	₱ (113,225,746)	₱ (94,616,691)

Segment Assets and Liabilities and Other Information
The segment assets, liabilities, capital expenditures and other information as of March 31, 2021 and December 31, 2020 are as follows:

		2021	
	Gaming	**Non-gaming**	**Total**
Assets	**₱1,387,371,918**	**₱4,177,860,225**	**₱5,565,092,144**
Liabilities	**4,440,836,286**	**1,464,449,554**	**5,905,285,840**

Capital expenditures	**916,016**	**2,885,467**	**3,801,483**
Interest income	**13,376**	**3,556**	**16,932**
Depreciation and amortization	**17,046,827**	**47,128,884**	**64,175,710**

	2020		
	Gaming	Non-gaming	Total
Assets	₱1,417,480,295	₱4,248,408,683	₱5,665,888,978
Liabilities	300,097,400	5,548,680,430	5,848,777,830
Capital expenditures	564,253	13,238,527	13,802,780
Interest income	–	2,138,149	2,138,149
Depreciation and amortization	73,614,690	206,741,112	280,355,802

23. **Fair Value Measurement**

The carrying values of cash in banks, receivables, deposits, accounts payable and other current liabilities (excluding "withholding taxes payable") approximate their fair values due to the short-term nature of these accounts.

The fair values of receivable arising from PTO related to gaming equipment, long-term deposits and loans payable were based on the present value of estimated future cash flows using interest rates that approximate the interest rates prevailing at the reporting date. The carrying values and fair value of receivable arising from PTO related to gaming equipment, long-term deposits and loans payable are as follows:

	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Receivable arising from PTO related to gaming equipment	**₱392,821,269**	**₱463,733,878**	₱412,091,165	₱498,257,576
Long-term deposits	**6,267,386**	**6,267,386**	6,267,386	6,267,386
	₱399,088,655	**₱470,001,264**	₱418,358,551	₱504,525,262
Financial Liabilities				
Advances from Stockholders	**₱491,713,332**	**₱491,713,332**	₱446,285,227	₱446,285,227
Loans payable	**2,293,600,677**	**2,293,600,677**	2,292,782,667	2,292,782,667
	₱2,785,314,009	**₱2,785,314,009**	₱2,739,067,894	₱2,739,067,894

As of March 31, 2021 and December 31, 2020, the Group's consolidated financial assets and liabilities are measured at fair value under the Level 2 hierarchy. There were no financial instruments carried at fair value as of March 31, 2021 and December 31, 2020.

24. **Working Capital and Capital Management**

The primary objective of the Group's working capital and capital management is to ensure that the Group has sufficient funds in order to support its business, pay existing obligation and maximize stockholders' value. The Group considers its total equity, including deposit for future stock subscription, amounting to ₱2.1 billion and ₱2.2 billion as its capital as of March 31, 2021 and December 31, 2020, respectively.

The Group maintains a capital base to cover risks inherent in the business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The Group monitors working capital and capital on the basis of current ratio and debt-to-equity ratio. On August 2020, due to COVID-19 crisis, the bank has granted the Parent Company waiver for quarterly calculation of debt-to-equity ratio until September 2021. In July 2021, this was further deferred to 2023 (see Note 15).

In computing the debt-to-equity ratio, the 'deposits for future stock subscription' formed part of the total shareholders' equity, as the deposits are considered as future additional shareholders' interest in the Group.

Current ratio and debt-to-equity ratio of the Group are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Total current assets	**₱352,976,200**	₱370,344,596
Total current liabilities	**917,042,413**	793,731,299
Current ratio	**0.38**	0.47
Total liabilities, excluding deposit for future stock subscription	**₱3,478,784,091**	₱3,422,276,082
Total equity	**2,086,448,053**	2,243,612,896
Debt-to-equity ratio	**1.67**	1.53

The Group's strategy is to maintain a sustainable current ratio and debt-to-equity ratio. The Parent Company also managed to defer the principal payments of its loans payable, while continuously having discussions with the non-bank creditors for extension of credit terms.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion and analysis relate to the consolidated financial position and results of operations of MJC Investments Corporation [Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino] and Subsidiary and should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements and related notes as of and for the periods ended March 31, 2021 and 2020.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the three months ended March 31, 2021 and 2020:

	For the Three months Ended			
	March 31, 2021	March 31, 2020	Amount Change	% Change
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱36.7	₱116.9	(80.2)	(68.6%)
Hotel	6.5	15.1	(8.6)	(57.0%)
Food and Beverage	2.7	15.5	(12.8)	(82.6%)
Bingo Operations	0.0	8.9	(8.9)	(100.0%)
Rental	1.7	7.9	(6.2)	(78.5%)
Other revenue	0.5	2.7	(2.2)	(81.5%)
	48.1	167.0	(118.9)	(71.2%)
Operating cost and expenses	(164.4)	(223.1)	(58.7)	(26.3%)
Operating loss	(116.3)	(56.1)	60.2	107.3%
Other income (expenses)				
Interest expense	(41.3)	(39.2)	(2.1)	5.4%
Interest income	0.02	0.03	(0.01)	(33.3%)
Miscellaneous income (expenses)	0.2	0.7	(0.5)	(71.4%)
	(41.1)	(38.5)	(2.6)	6.8%
Loss before income Tax	(157.4)	(94.6)	(62.8)	66.4%
Provision for income tax	(0.0)	(0.01)	(0.01)	97.0%
Net loss	(157.4)	(94.6)	(62.8)	(66.4%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.2	0.2	-	0.0%
Total comprehensive loss	(157.2)	(94.4)	(62.8)	(66.5%)
Basic/diluted loss per share	(0.05)	(0.03)	(0.02)	(66.7%)

Comparison of Operating Results for the Years Ended March 31, 2021 and 2020

Revenue and Operating Costs and Expenses

Revenue includes 40% share in gaming operations, revenue from operations of hotel, food and beverages, bingo operations, rental and other revenue. Total revenue for three months ended March 31, 2021 and 2020 amounted to ₱48.1 million and ₱167.0 million, respectively.

The significant accounts that contributed to the increase are as follows:

- Revenue share in gaming operations decreased by ₱80.2 million or 69% from ₱116.9 million in 2020 to ₱36.7 million in 2021. The decrease is the result of lower operating gaming tables and electronic gaming machines (slot machines) to comply with social distancing policy. Last January 1 to March 14, 2020 the gaming area is operating at full capacity.

  In addition, average monthly foot traffic in the property decreased from .12 million in 2019 to 0.03 million in 2020.

- Revenue from food and beverage decreased by ₱12.8 million or 83% from ₱15.5 million in 2020 to ₱2.7 million in 2021. The decrease is attributable reduced operations of the Group due to imposed community quarantine that resulted to cancelled events held in the hotel and reduced gaming headcount in casino leading to decline in sales of beverages availed by casino players.

- Revenue from hotel rooms decreased by ₱8.6 million or 57% from ₱15.1 million in 2020 to ₱6.5 million in 2021. The decrease is attributable to the mandatory closure of hotels during the community quarantine. The hotel is not yet permitted for leisure bookings and is currently operating as a quarantine facility thus, its only source of revenue are the bookings from the returning overseas Filipinos and off-signers crew of shipping companies. Accordingly, the room occupancy rate declined from 74% in 2020 to 39% in 2021. Of the 128 rooms available on average each day, average occupied paying rooms per day is 95 rooms in 2020, which is lower than the 42 rooms in 2021.

- Revenue from bingo operations decreased from ₱8.9 million in 2020 to nil in 2021. The bingo operations have only operated until March 13, 2020 and did not resume to operate up to date.

- Revenue from rental decreased by ₱6.2 million or 78% from ₱7.9 million in 2020 to ₱1.7 million in 2021. The decrease is due to waiver of rent to its concessionaires in the midst of the pandemic. In addition, four rental contracts have been terminated.

- Other revenue decreased by ₱2.2 million or 82% from ₱2.7 million in 2020 to ₱0.5 million in 2021. This is mainly attributable to decrease in consumption of utilities by the Group's concessionaires since only two have resumed and continued to operate since June 2020.

Total operating costs and expenses for the years ended March 31, 2021 and 2020 amounted to ₱164.4 million and ₱223.1 million, respectively. The significant decrease in the total operating costs and expenses is due to lower depreciation, salaries and wages, gaming fees, contracted services, cost of hotel room and supplies, advertising and marketing, professional fees, banquet, entertainment, cost of food, beverage and tobacco and other operational expenses which is partially offset by the increase in taxes and licenses.

The significant accounts that contributed to the decrease are as follows:

- Depreciation and amortization decreased by ₱8.3 million or 11% from ₱72.5 million in 2020 to ₱ 64.2 million in 2021. This is due to several equipment becoming fully depreciated during the year and fully amortization of prepayments.

- Salaries and wages expense decreased by ₱7.4 million or 34% from ₱22.0 million in 2020 to ₱14.6 million in 2021. This is attributable to reduced worked days and limited allowable capacity to operate for the first quarter.

- Utilities decreased by ₱6.5 million or 30% from ₱21.5 million in 2020 to ₱15 million in 2020. The decrease is attributable to reduced gaming capacity, lower occupancy and decreased consumption of utilities from concessionaires since only two have reopened and continued to operate in this quarter.

- Taxes and licenses increased by ₱5.3 million or 53% from ₱10.0 million in 2020 to ₱15.3 million in 2021. The increase corresponds with the higher property taxes for the year.

- Repairs and maintenance expense decreased by ₱1.9 million or 16% from ₱11.8 million in 2020 to ₱9.9 million in 2021. The decrease is due to reduced usage of air-conditioned facilities and reduced preventive maintenance to generator sets since the operation limited only the allowable capacity for the first quarter.

- Contracted services significantly decreased by ₱9.8 million or 53% from ₱18.4 million in 2020 to ₱8.6 million in 2021. This is mainly due to the decreased in contracted manpower services in the hotel and casino with reduced worked days and with limited capacity of operations for the first quarter.

- Security services expense decreased by ₱3.4 million or 36% from ₱9.4 million in 2020 to ₱6.0 million in 2021. Hotel and casino operations resumed but with limited capacity which resulted to decrease in required number of security services.

- Advertising and marketing decreased by ₱3.6 million or 51% from ₱7.1 million in 2020 to ₱3.5 million in 2021. Marketing efforts to advertise the hotel were reduced since the Department of Tourism (DOT) prohibited the leisure operations of hotel. Advertisements for gaming operations of the casino have also not been allowed by PAGCOR.

- Food, beverage and tobacco decreased by ₱3.3 million or 42% from ₱7.8 million in 2020 to ₱4.5 million in 2021. This is attributable to the decrease in number of guests and players for its hotel and casino since concerts, banquets and other hotel events have been cancelled throughout the quarter. The consumption of tobacco also decreased due to smoking prohibition inside the venue of casino.

- Hotel room and supplies decreased by ₱2.6 million or 51% from ₱5.1 million in 2020 to ₱2.5 million in 2021. The hotel ceased to accept leisure bookings as imposed by the DOT, due to that, the hotel currently serves as a quarantine facility for returning OFWs under the provision of OWWA. These quarantine restrictions brought significant decrease in hotel guests, resulting in proportionate declined of laundry and cleaning expenses.

- Professional fees decreased by ₱1.2 million or 46% from ₱2.6 million in 2020 to ₱1.4 million in 2021. This is mainly due to the decrease in retainer's fees, consultancy fees and accounting fees rendered to the Group during the time of COVID 19 pandemic since operations were limited to allowable capacity.

- Gaming fees decreased by ₱5.9 million or 98% from ₱6.0 million in 2020 to ₱0.1 million in 2021. The decrease is mainly due to the temporary suspension of the bingo operations last March 13, 2020 up to date.

- Banquet expenses decreased by ₱4 million or 100% from ₱4 million in 2020 to ₱nil in 2021. Banquet events have not resumed up to date due to government restrictions in gathering.

- Entertainment expenses decreased by ₱2.7 million or 100% from ₱2.7 million in 2020 to ₱nil in 2021. Performances for hotel guests and casino players were cancelled due to restrictions in large gatherings as imposed by the national government from April 2020 up to date.

- Other expenses decreased by ₱3.9 million or 74% from ₱5.7 million in 2020 to ₱1.4 million in 2021. The decrease is due to the decrease in operating and administrative related activities of the Group which resulted to decline in incurrence of miscellaneous expenses.

Analysis of Statements of Financial Position

	For the Period Ended			
	March 31, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso			
Assets				
Cash and cash equivalents	₱48.8	₱21.0	27.8	132.4%
Receivables	186.5	204.1	(17.6)	(8.6%)
Inventories	16.2	20.2	(4.0)	(19.8%)
Current portion of input value added tax	18.0	10.9	7.1	65.1%
Prepayments and other current assets	83.5	114.1	(30.6)	(26.8%)
Property and equipment	3,713.4	3,766.1	(52.7)	(1.4%)
Investment Property	737.1	744.6	(7.5)	(1.0%)
Input VAT- net of current portion	439.3	440.8	(1.5)	(0.3%)
Other noncurrent asset	322.4	344.1	(21.7)	(6.3%)
Total Assets	₱5,565.2	₱5,665.9	(100.7)	(1.8%)
Liabilities				
Accounts payable and other current liabilities	₱624.2	₱607.6	16.6	2.7%
Retention payable	4.1	7.9	(3.8)	(48.1%)
Interest payable	44.7	40.2	4.5	11.2%
Advances from Stockholders	473.6	436.3	37.3	8.5%
Loans payable	2,293.7	2,292.8	0.9	0.0%
Deposit for future subscription	2,426.5	2,426.5	-	0.0%
Other noncurrent liabilities	38.5	37.5	1	2.7%
Total Liabilities	5,905.3	5,848.8	56.5	1.0%
Capital stock	3,174.4	3,174.4	-	0.0%
Deficit	(3,522.7)	(3,365.3)	(157.4)	4.7%
Actual gains on retirement liability	8.2	8	0.2	2.5%
Total Equity	(340.1)	(182.9)	(157.2)	85.9%
Total Liabilities and Equity	₱5,565.2	₱5,665.9	(100.7)	(1.8%)

Discussion on some Significant Change in Financial Condition as of March 31, 2021 and December 31, 2020

Total assets amounting to ₱5,565.2 million as of March 31, 2021 decreased by ₱100.7 million or 1.8% from ₱5,665.9 million in December 31,2020.

1. For the period ended March 31, 2021, cash and cash equivalence increased by ₱27.8 million or 132.4%, from ₱21.0 million in 2020 to ₱48.8 million in 2021 due to the following:

    a) The negative cash flows used in operating activities amounting to ₱25.1 million resulted from the difference in operating loss generated amounting to ₱51.7 million and changes in the working capital amounting to ₱26.6 million. The significant decrease in operating income is due to the limited accommodation on food and beverage, and hotel operations, waiver of rental receivables, reduced table games and slot machine operation and suspension of banquet events.

    b) Net cash flows from investing activities amounting to ₱17.6 million is due to the acquisition of building improvements, machineries and non-gaming equipment amounting to ₱3.8 million during the year and the decrease in other noncurrent asset amounting to ₱21.4 million.

    c) Net cash flows used in financing activities amounted to ₱35.2 million for the current year. The Group made payment amounting to ₱36.0 million for interest and other financing charges. On the other hand, the Group received proceeds from advances to stockholders amounting to ₱37.3 million and decrease of restricted cash amounting to ₱33.9 million to pay for its maturing interest on loan.

2. The ₱17.6 million or 8.6% decrease in receivables is primarily due to:
    a. Decrease in receivable due mainly due to the collection of ₱17.3 million from doubtful accounts from previous years.
    b. Decrease in receivables from PAGCOR due to the reduced gaming revenue brought by the effects of the pandemic by ₱10.2 million.

    This is partially offset by:
    a. Increase in the receivable arising from finance lease due to additional gaming equipment.
    b. Increase in receivable due quarantine in house guests from corporate accounts.

3. The decrease in inventories of ₱4 million or 19.8% from ₱20.2 million in 2020 to ₱16.2 million in 2021 is mainly due to reduced hotel and casino operations. The demand for food and beverages declined in relation to its limited capacity to operate when it resumed it operations in June 2020 up to date. The decline in purchases have increased for the period due to lighter restrictions. Also, the Group did not acquired new playing cards and consumed ₱2 million from its available sets.

4. The increase in input VAT amounting to ₱5.6 million is the result of the current period services rendered to the Company.

5. Prepayments and other current assets decreased by ₱30.7 million or 26.9% from ₱114.2 million in 2020 to ₱83.5 million in 2021. The significant decrease is mainly due to payments of loan interest from its debt service reserve account amounting to ₱33.9 million.

6. The decrease in other noncurrent assets of ₱21.7 million or 6.3% from ₱344.1 million in 2020 to ₱322.4 million in 2021 is mainly due to reclassification of lease receivable to current asset due to amortization.

7. The accounts payable and other current liabilities increased by ₱16.6 million or 2.7% from ₱607.6 million in 2020 to ₱624.2 million in 2021. The Group's accruals have significantly increased due to accrual of real property taxes, software maintenance, advertising, service fees and other unpaid billings from various contractor and suppliers.

8. Interest payable increased by ₱4.5 million or 11.2% from ₱40.2 million in 2020 to ₱44.7 million in 2021. The increase is due to the unpaid monthly interest on its outstanding loans payable in 2020.

9. The increase in current portion of loans payable by ₱106 million or 76.8% from ₱138.0 million in 2020 to ₱244.0 million in 2021 is attributable to the Group's non payment of loan principal. In light of COVID 19 outbreak, the Group was granted the deferrment of the quarterly principal payments until May 2021 as well as its quarterly interest payment to monthly interest payment from June 2020 to February 2021.

10. Advances from stockholders increased by ₱37.3 million or 8.5% from ₱436.3 million in 2020 to ₱ 473.6 million in 2021 due to new loan agreements entered by the Parent Company with its stockholders. The proceeds of these loans were used to pay the maturing loan obligation and to support its working capital requirements.

Key Performance Indicators

The following are the comparative key performance indicators of the Corporation and the manner of its computation for the three months ended March 31, 2021 and 2020:

Indicators	**Manner of Computation**	**For the three months ended March 31**	
		2021	2020
Current ratio	Current Assets / Current Liabilities	**0.38:1**	0.72:1
Debt-to-Equity Ratio	Total Liabilities / Total Equities	**1.67:1**	1.22:1
Asset Liability Ratio	Total Assets / Total Liabilities	**0.94:1**	1.05:1
Return on Assets	Net Income (Loss) / Total Assets	**(3%)**	(2%)
Basic Earnings (losses per share)	Net Income (Loss) / Outstanding Common Shares	**(₱0.05)**	(₱0.03)

Current ratio is regarded as a measure of the Group's liquidity or its ability to meet maturing obligations. For the three months ended March 31, 2021, the current ratio is 0.38:1 compared to 0.72:1 of the prior year. The outstanding liabilities in 2021 mostly consist of balances of payables to contractors and suppliers for the services and/or goods provided for the Group's day-to-day operations; accruals pertaining to payroll, employee benefits, utilities, travel and transportation, security service fees, professional fees and others wherein billings/settlements thereof are expected to be provided/resolved in the next financial year; and the current portion of loans arrangement with local banks. The Group has ₱0.38 current assets to support every ₱1.00 of their current liabilities, which means that the Group's current assets are insufficient to meet its current liabilities.

The debt to equity ratio measures the riskiness of the Group's capital structure in terms of relationship between funds supplied to creditors (debt) and investors (equity). For the three months ended March 31, 2021, the debt to equity ratio has increased by 0.45 from 1.22 in 2020 to 1.67 in 2021. This indicates a higher risk on the Group's perspective, as debt holders may have higher claims than investors on the Group's assets in case of liquidation.

The asset-liability ratio, exhibits the relationship of the total assets of the Group with its total liabilities. For the three months ended March 31, 2021, the asset-liability ratio is 0.94:1 from 1.05:1 as of that of March 31, 2020. The ratio indicates that the Group has ₱.94 of assets to satisfy every ₱1.00 of liability to creditors/suppliers through asset facilitation. Moreover, the effect of high assets to liabilities ratio indicates that the Group can still take additional financing through credit arrangements with banks and financial institutions.

Return on assets allowed the Group to see how much income (loss) generates per peso asset. For the three months ended March 31, 2021 and 2020, the return on asset is negative 3% and 2% respectively.

For the three months ended March 31, 2021, the Group's loss per share amounts to (₱0.05) which increased from (₱0.03) that of prior year.

There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

Plans of Operation

The Winford Manila Resorts and Casino (WMRC), the newest integrated resort at the heart of San Lazaro Tourism and Business Park in the Philippine capital's historic Chinese quarter. Built at ₱8.0 billion, WMRC is a world-class hospitality and entertainment hotel which serves as an oasis filled with leisure and luxury alternatives for everyone to enjoy from its 126 all-suites rooms, an expensive podium to house high-end restaurants, 900 parking slots, fully-equipped fitness center, wellness spa, business facilities to over 9,000 square meters of internationally designed themed indoor gaming and entertainment facility.

The Group has been rapidly increasing its gaming operation with additional gaming floor area opened last April 2018. The expansion added more gaming tables and slot machines to accommodate the drastic increase of its patrons. On December 31, 2020, due to the effects of quarantine restrictions, the Group reduced its operational gaming tables from 30 in 2019 to 22 gaming tables in 2020 and its operational slot machines from 521 in 2019 to 273 slot machines in 2020. Furthermore, operating hours were also reduced. Due to social distancing, ground floor casino is renovated to expand gaming area to accommodate additional slot machines and electronic table games so that more are operating at a time. The Group plans to steadily increase its operational table games to 30-35 and operational slot machines to 500-600 by the end of next year. The Group assumes that for the following years, they will be allowed to operate atleast 70% capacity with 24 hours of operation.

For its hotel operations, currently the Group is operating as a quarantine facility to accommodate bookings from OWWA and off-signers crew of shipping companies. While the permit to operate for leisure booking is still pending for approval from Department of Tourism (DOT), the Company is applying for hotel accreditation on "Multi-Use Property", wherein even if the Group operates as a quarantine facility, they can still operate their ballroom and other function halls for other events like weddings and gatherings, with adherence to social distancing protocols. Marketing and public relations (PR) highlights include quarterly car raffle, a monthly appliance and cash raffle, slot machine tournaments, and more Earn & Redeem promotions. Rental income will be supplemented by the continuation of online sports betting.

The Group entered into an agreement with its suppliers and with a local bank to defer its maturing liabilities with them in order to utilize its cash flows more effectively. In addition, a local bank provided the Group with a credit line facility to ensure that the Group has adequate funds for its working capital needs and to meet its maturing obligations.

Annex ''C''

Interim Unaudited Financial Statement for the period ended June 30, 2021

C O V E R   S H E E T

SEC Registration Number

	0	0	0	0	0	1	0	0	2	0

COMPANY NAME

MJC INVESTMENTS CORPORATION DOING BUSINESS UNDER THE NAME AND STYLE OF WINFORD LEISURE AND ENTERTAINMENT COMPLEX AND WINFORD HOTEL AND CASINO AND SUBSIDIARY

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

Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
–	(02)8632-7373	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
433	6/29	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Joemar Onnagan	joemar.onnagan @winfordmanila.com	8528-3600 (loc. 1132)	(+63) 917-159-5222

CONTACT PERSON's ADDRESS

Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila

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

FORM 17-Q

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

1. For the quarterly period ended **June 30, 2021**

2. Commission identification number **10020** 3. BIR Tax Identification No. **000-596-509**

4. Exact name of issuer as specified in its charter

   MJC INVESTMENTS CORPORATION Doing business under the name and style of WINFORD LEISURE AND ENTERTAINMENT COMPLEX AND WINFORD HOTEL AND CASINO

5. Province, country or other jurisdiction of incorporation or organization **Republic of the Philippines**

6. Industry Classification Code Use Only)

7. Address of issuer's principal office Postal Code

   Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila **1014**

8. Issuer's telephone number, including area code **(632) 528-2300**

9. Former name, former address and former fiscal year, if changed since last report **N. A.**

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

Title of each Class	**Number of shares of common stock outstanding and amount of debt outstanding**
Common	3,174,405,821

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

    Yes **[x]** No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange, Inc. **Common Shares**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period 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 [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached **Annex "A"**.

- Consolidated Statement of Financial Position as of June 30, 2021, and December 31, 2020
- Consolidated Statement of Comprehensive Income for the quarters ended June 30, 2021 and 2020
- Consolidated Statement of Changes in Equity for the quarters ended June 30, 2021 and 2020
- Consolidated Statement of Cash Flow for the quarters ended June 30, 2021 and 2020
- Aging of Accounts Receivable as of June 30, 2021
- Notes to Consolidated Financial Statements

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

Please see attached **Annex "B"**.

PART II – OTHER INFORMATION

There is no material information which had not been previously reported under SEC Form 17-C.

SIGNATURES

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

MJC INVESTMENTS CORPORATION **Doing business under the name and style of** **Winford Leisure and Entertainment** **Complex and Winford Hotel and Casino**	August 20, 2021 **Date**

By:

JOEMAR L. ONNAGAN
Director for Finance and Administration

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2021
(With Comparative Audited Figures as of December 31, 2020)

	June 30, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
ASSETS		
Current Assets		
Cash (Note 6)	₱ 13,238,329	₱21,049,397
Receivables (Note 7)	204,452,045	204,083,822
Inventories (Note 8)	17,248,424	20,206,354
Input value-added tax (VAT) - current (Note 9)	16,375,508	10,931,369
Other current assets (Note 10)	54,070,206	114,073,654
Total Current Assets	**305,384,512**	**370,344,596**
Noncurrent Assets		
Property and equipment (Note 11)	3,667,681,777	3,766,120,571
Investment properties (Note 12)	729,682,070	744,573,541
Input VAT - net of current portion (Note 9)	446,653,270	440,789,218
Other noncurrent assets (Note 13)	299,998,984	344,061,052
Total Noncurrent Assets	**5,144,016,101**	**5,295,544,382**
TOTAL ASSETS	**5,449,400,613**	**5,665,888,978**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 14)	672,612,901	607,524,451
Retention payable (Note 11)	4,107,545	7,934,014
Interest payable (Notes 15)	51,592,964	40,233,541
Current portion of loans payable (Note 15)	244,076,759	138,039,293
Total Current Liabilities	**972,390,169**	**793,731,299**
Noncurrent Liabilities		
Advances from stockholders (Note 18)	475,728,403	436,314,585
Loans payable - net of current portion (Note 15)	2,049,026,646	2,154,743,374
Deposit for future stock subscription (Note 17)	2,426,501,748	2,426,501,748
Other noncurrent liabilities (Note 16)	38,477,560	37,486,824
Total Non-Current Liabilities	**4,989,734,356**	**5,055,046,531**
Total Liabilities	**5,962,124,525**	**5,848,777,830**
Equity		
Capital stock (Note 19)	3,174,405,821	3,174,405,821
Deficit	(3,695,590,443)	(3,365,294,240)
Actuarial gains on retirement liability	8,460,709	7,999,567
Total Equity (Capital Deficiency)	**(512,723,913)**	**(182,888,852)**
TOTAL LIABILITIES AND EQUITY	**₱ 5,449,400,613**	**₱ 5,665,888,978**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Three months Ended June 30		For the Six months Ended June 30	
	2021	2020	**2021**	2020
REVENUE				
Revenue share in gaming operations	**₱ 9,685,161**	₱ 2,141,112	**₱ 46,402,704**	₱119,003,080
Hotel	**14,588,142**	188,566	**21,119,989**	15,327,224
Food and beverage	**4,560,793**	35,925	**7,209,748**	15,557,381
Bingo operations	-	-	-	8,915,161
Rental	**1,482,215**	966,834	**3,231,454**	8,850,236
Other revenue	**173,682**	411,172	**647,287**	3,067,170
	30,489,993	3,743,609	**78,611,182**	170,720,252
OPERATING COSTS AND EXPENSES (Note 21)	**(161,049,151)**	(150,782,622)	**(325,441,363)**	(373,889,499)
OPERATING LOSS	**(130,559,158)**	(147,039,013)	**(246,830,181)**	(203,169,247)
OTHER INCOME (EXPENSES)				
Interest expense and other financing charges (Note 15)	**(42,608,745)**	(38,016,357)	**(83,975,011)**	(77,253,985)
Interest income (Note 6)	**243,849**	59,521	**260,781**	98,356
Miscellaneous expenses – net	**25,156**	(182,861)	**253,472**	537,214
	(42,339,740)	(38,139,697)	**(83,460,758)**	(76,618,415)
LOSS BEFORE INCOME TAX	**(172,898,898)**	(185,178,710)	**(330,290,939)**	(279,787,662)
PROVISION FOR INCOME TAX	**(1,892)**	(11,811)	**(5,264)**	(19,550)
NET LOSS	**(172,900,790)**	(185,190,521)	**(330,296,203)**	(279,807,212)
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified to profit or loss in subsequent periods:				
Remeasurement gain on defined benefit obligation	**230,571**	230,571	**461,142**	461,142
TOTAL COMPREHENSIVE LOSS	**(172,670,219)**	(184,959,950)	**(329,835,061)**	(279,346,070)
Basic/Diluted Loss Per Share (Note 20)	**₱0.054**	₱0.058	**₱0.104**	₱0.088

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

	Capital Stock (Note 19)	Deficit	Actuarial gains on retirement liability	Total
BALANCES AT DECEMBER 31, 2020	**3,174,405,821**	**(3,365,294,240)**	**7,999,567**	**(182,888,852)**
Total Comprehensive income for the period	-	**(330,296,203)**	**461,142**	**(329,835,061)**
BALANCES AT JUNE 30, 2021	**3,174,405,821**	**(3,695,590,443)**	**8,460,709**	**(512,723,913)**
BALANCE AT DECEMBER 31, 2019	3,174,405,821	(2,776,315,016)	287,204	398,378,009
Total Comprehensive income for the year	-	(279,807,212)	461,142	(279,346,070)
BALANCE AT JUNE 30, 2020	**3,174,405,821**	**(3,056,122,228)**	**748,346**	**119,031,939**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱330,290,939)**	(₱279,787,662)
Adjustments for:		
Depreciation and amortization (Notes 11, 12,13 and 21)	**126,294,064**	142,459,191
Interest expense and other financing charges (Notes 15 and 21)	**83,975,011**	77,253,984
Retirement benefit expense	**419,778**	419,777
Unrealized foreign exchange loss (gain)	**(62,200)**	146,271
Interest income (Note 6)	**(260,781)**	(98,356)
Operating loss before working capital changes	**(119,925,067)**	(59,606,795)
Decrease (increase) in:		
Receivables	**(368,223)**	44,105,238
Inventories	**2,957,932**	(563,207)
Input VAT	**(11,308,192)**	(8,079,834)
Other current assets	**(6,682,966)**	18,783,776
Increase (decrease) in:		
Accounts payable and other current liabilities	**65,088,451**	80,138,798
Retention payable	**(3,826,469)**	(861,664)
Other noncurrent liabilities	**1,032,100**	(691,620)
Net cash generated from (used in) operations	**(73,032,434)**	73,224,692
Income taxes paid	**(5,264)**	(19,551)
Interest received (Note 6)	**260,781**	98,356
Net cash flows provided by (used in) operating activities	**(72,776,917)**	73,303,497
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Notes 11)	**(12,510,264)**	(2,847,470)
Decrease in other noncurrent assets (Note 13)	**43,608,530**	18,802,383
Net cash flows provided by (used in) investing activities	**31,098,266**	15,954,913
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan (Note 15):		
Principal	**-**	(47,100,000)
Interest and other financing charges	**(72,294,850)**	(80,411,485)
Decrease (increase) in restricted cash (Notes 10 and 15)	**66,686,414**	-
Proceeds from:		
Advances from stockholders (Note 18)	**39,413,818**	61,689,215
Net cash flows provided by (used in) financing activities	**33,805,382**	(65,822,270)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**62,200**	(146,273)
NET DECREASE IN CASH	**(7,811,069)**	23,289,867
CASH AT BEGINNING OF YEAR	**21,049,397**	41,787,422
CASH AT END OF PERIOD (Note 6)	**₱ 13,238,328**	₱ 65,077,289

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Aging of Receivable

The following summarizes the aging of the Group`s receivable as of June 30, 2021:

	Total	Neither past due nor impaired	Past due but not impaired: Less than 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 180 days past due	More than 180 days past due	Impaired
Trade								
Non-related parties	84,352,968	-	25,772,391	318,603	344,766	57,917,208	-	-
Related parties	418,347	-	-	-	-	418,347	-	-
Nontrade	125,681,357	-	-	-	-	-	-	110,381,917
Receivable arising from PTO	395,690,716	395,472,208	-	-	-	218,508	-	-
	606,143,688	**395,472,208**	**25,772,391**	**318,603**	**344,766**	**58,554,063**	**-**	**110,381,917**

MJC INVESTMENTS CORPORATION
Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

MJC INVESTMENTS CORPORATION [Doing business under the name and style of Winford Leisure And Entertainment Complex and Winford Hotel and Casino] (the Parent Company) and Trafalgar Square Leisure Corporation (TSLC) (collectively referred to as the "Group") are incorporated in the Philippines. The Parent Company was incorporated on July 15, 1955 as Palawan Consolidated Mining Company, Inc. and was listed in the Philippine Stock Exchange (PSE) on November 11, 1955.

The Parent Company's primary purpose is to acquire by purchase, lease or otherwise, lands or interest in lands and realty, and to own, hold, improve or develop said land or real estate so acquired, and to build or cause to be built on any lands owned, held, occupied or acquired, buildings, facilities, and other structures with their appurtenances, for residential, commercial, mixed-use, leisure, gaming, amusement and entertainment purposes.

The following are the series of changes in corporate name of the Parent Company and their effective dates of change as approved by the Philippine Securities and Exchange Commission (SEC):

Date	Corporate Name
February 12, 1997	Ebecom Holdings, Inc.
September 25, 2003	Aries Prime Resources, Inc.
September 30, 2008	MJCI Investments, Inc.
October 15, 2009	MJC Investments Corporation
June 29, 2015	MJC INVESTMENTS CORPORATION Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino

The registered office address of the Parent Company is Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila.

On March 18, 2010, the Parent Company was granted a permit to operate (PTO) by the Philippine Amusement and Gaming Corporation (PAGCOR) for the establishment, maintenance and operation of a casino, PAGCOR San Lazaro, within the San Lazaro Tourism and Business Park in Sta. Cruz, Manila. The permit shall be for a period of 10 years, commencing on January 6, 2016, the date of actual operation of PAGCOR San Lazaro. On November 25, 2015, PAGCOR extended the term of the PTO to 15 years commencing from the start of commercial operations of PAGCOR San Lazaro (see Note 2).

On April 21, 2016, the Parent Company incorporated its wholly owned subsidiary, Trafalgar Square Leisure Corporation (TSLC), in the Philippines and registered with the Philippine SEC. The authorized and subscribed capital stock of TSLC is ₱20.0 million with a par value of ₱1.00 per share. TSLC's primary purpose is to establish, engage, operate and manage, gaming enterprises, amusement, entertainment and recreation centers, as well as providing services including but not limited to business process outsourcing services to foreign clients, support solutions, such as back office technology support, call or contact center activities, data entry and encoding, data management, general human resource functions, business planning, accounts receivable management, general financial support services, customer support services and customer relationship management, sales support and other industry specific purposes, and to companies and operations, and other clients, and to do any and all things necessary for or conducive to the attainment of such purposes, including, articles of merchandise necessary or desirable in its operations, the provision of professional, consulting and other related services, and the licensing of application, software and other solutions required or related to the above services. The principal place of business of TSLC is at Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila. On May 16, 2016, TSLC was granted the authority by PAGCOR to bring in pre-registered foreign players to play in designated junket gaming areas within PAGCOR San Lazaro.On August 1, 2019, the junket agreement between TSLC and PAGCOR expired and was no longer renewed. (see Note 2).

<u>Status of Operations</u>

Gaming Operations
In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed community quarantines. The Office of the President issued several directives for the classification of each of the cities and municipalities in different levels of community quarantine between March 13, 2020 to date.

Philippine Amusement Gaming Corporation (PAGCOR) issued a memorandum dated March 15, 2020 to suspend all gaming operations in Metro Manila. On June 16, 2020, the casino has resumed its operations as approved by PAGCOR at 30% capacity and eight-hour daily operations until July 3, 2020. On July 4, 2020, the casino operation moved to temporarily cease operations until August 20, 2020. On August 21, 2020, the casino has again resumed limited operation and subsequently, on November 23, 2020 it has been allowed to operate at 24-hours until re-imposition of enhance community quarantine on March 29, 2021. Casino operations has been suspended from March 29, 2021 until April 30, 2021. On May 1, 2021, upon imposition of modified enhanced community quarantine in Metro Manila, PAGCOR and Inter-agency Task Force (IATF) have allowed the casino to resume 12 hours operations at 50% capacity and on an invitational basis only until May 31, 2021. On June 1, 2021, it has been downgraded to general community quarantine until August 5, 2021 hence, the casino can operate for 24 hours. On July 29, 2021, the IATF has again placed Metro Manila on enhanced community quarantine from August 6 to 20, 2021.

As of the date of this report, the Group has not yet resumed its full operation of the casino and is dependent on the quarantine classification put in place by IATF.

Hotel Operations
On June 7, 2020, the hotel resumed its operations after receiving the approval from the Department of Tourism (DOT). The hotel caters to foreign guests who are staying temporarily in the Philippines, long staying guests, overseas Filipino workers, government employees and health care workers. DOT has not yet allowed the Group to accommodate leisure booking and is currently operating as a quarantine facility for returning overseas Filipino workers as booked by OWWA (Overseas Workers Welfare Administration); returning overseas Filipinos (ROFs) and off-signers crew of shipping companies.

For the period ended June 30, 2021 and 2020, the Group has reported net losses of ₱330.3 million and ₱279.8 million which resulted to capital deficiency amounting ₱512.6 million as at June 30, 2021.Furthermore, the Group’s current liabilities exceeded its current assets by ₱667.0 million and ₱423.4 million as at June 30, 2021 and December 31, 2020, respectively.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern.

Management will continue to carry out activities to pursue business opportunities related to its gaming, hotel, and rental operations. The Group's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows to meet its maturing obligations. To address such condition, the Group implemented certain cost-saving measures to reduce its fixed and variable costs. The Group also continuously boost its marketing efforts to increase foot traffic within the property while closely working with PAGCOR to ensure compliance with PAGCOR's memorandum and directives. The Group is also exploring new business opportunities.

The Group's ability to continue as a going concern is dependent on the commitment to defer payment of advances from related party and stockholders, waiver of management service fees and extension of credit line facility by a local bank.

On July 23, 2021, the Group obtained the approval of its request from a local bank to defer its loan principal payments. Moreover, on July 30, 2021, a credit line facility was extended by a local bank to the Group (see Note 15). This is to ensure that the Group has adequate funds for its working capital needs and to meet its maturing obligations.

2. Agreements with PAGCOR

The following are the significant contracts entered by the Group with PAGCOR:

a. *PTO granted to the Parent Company*

As discussed in Note 1 to the consolidated financial statements, the Parent Company was granted a PTO by PAGCOR for the establishment, maintenance and operation of PAGCOR San Lazaro on March 18, 2010. The PTO shall be for a period of 15 years commencing on January 6, 2016, the date of actual operation of PAGCOR San Lazaro. Management has assessed that the Parent Company is the operator of PAGCOR San Lazaro, in accordance with the provisions of the PTO.

The agreement provides that while the Parent Company is in the process of forming its own management team and is cognizant of PAGCOR's expertise, experience and competence in gaming operations, the Parent Company requested PAGCOR to manage PAGCOR San Lazaro by giving PAGCOR an exclusive and direct control to supervise and manage PAGCOR San Lazaro's casino operations.

For the duration of the agreement, the Parent Company shall receive forty percent (40%) of PAGCOR San Lazaro's monthly gross gaming revenues after deducting the players' winnings/prizes, the taxes that may be imposed on these winnings/prizes, franchise tax, and applicable subsidies and rebates.

Upon revocation, termination or expiration of the PTO, the Parent Company undertakes to ship out of the Philippine territory, the gaming equipment and gaming paraphernalia in pursuance of Presidential Decree (P.D.) 519 and Letter of Instruction 1176 within 60 calendar days from the date of receipt or possession of the gaming equipment and gaming paraphernalia.

For income tax purposes, the Parent Company's revenue share in gaming operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended, otherwise known as the "PAGCOR Charter". Under P.D. 1869, earnings derived from the operation of casinos shall be imposed a 5% franchise tax, in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority.

b. *Traditional Bingo Operation of the Parent Company*
On January 19, 2016, the Parent Company was granted by PAGCOR the right to operate a traditional bingo operation at Winford Hotel and Casino. The terms of the bingo operation shall be coterminous with the term of the PTO. Under the agreement, the Parent Company shall remit, on a monthly basis, to PAGCOR 15% of the total gross receipt from sale of bingo tickets and cards, including electronically stored bingo cards played through an electronic device, instant game tickets and bingo game variant cards (presented as "Gaming fees" under "Operating costs and expenses") (see Note 21).

The agreement provides, among others, that all capital and operating expenditure (including the prizes) related to the bingo operation shall be for the sole account of the Parent Company.

In accordance with PAGCOR memorandum, bingo operation was temporarily suspended since March 13, 2020. As of the date of this report, the Group has not yet resumed its bingo operations.

c. *Junket Agreement granted to TSLC*
On May 16, 2016, TSLC was granted by PAGCOR the authority to bring in pre-registered foreign players to play in designated junket gaming areas in Winford Hotel and Casino with an initial four (4) junket gaming tables. Operation of gaming tables in excess of the initial four junket gaming tables shall be subject to PAGCOR's approval. The agreement is effective for a period of three years, commencing on day 1 of the gaming operation at the junket area but not later than six months from the date of the agreement.

In consideration of the grant by PAGCOR, the TSLC shall pay PAGCOR higher of (a) monthly Minimum Guarantee Fee (MGF) of US$10,000 per table or (b) ten percent (10%) of the monthly gross winnings generated from the junket gaming operations. The MGF shall be subject to an annual escalation at the rate of ten percent (10%) commencing on the second year of operation. The Group shall bear all salaries and other benefits in full of the junket monitoring personnel of PAGCOR who will be assigned to monitor the junket gaming operations. These expenses are presented as part of "Gaming fees" recorded under "Operating costs and expenses" (see Note 21). In addition to the monthly fee, TSLC shall remit five percent (5%) of the monthly gross winnings of the junket gaming operations to PAGCOR as franchise tax.

In compliance with the junket agreement, TSLC shall also deposit to PAGCOR the following:

a) an amount equivalent to six months of the minimum guaranteed fee for gaming tables for the junket gaming operations prior to the actual operation of the junket tables amounting to ₱17.0 million is recorded as part of "Trade non-related parties" under "Receivables" in the consolidated statements of financial position as of December 31, 2020 (see Note 7). The minimum guaranteed fee that is outstanding as of December 31, 2020 amounting to ₱17.0 million was collected in full in 2021.

b) an administrative charge deposit in the amount equivalent to six months manpower cost of PAGCOR's monitoring team for the junket gaming operation prior to the actual operation amounting to ₱2.9 million, which shall be made to cover TSLC's share in the cost of salaries and benefits of PAGCOR personnel assigned at the junket area in case the junket operations are suspended for reasons other than force majeure or fortuitous event. The administrative charge deposit is recorded as part of "Trade non-related parties" under "Receivables" in the consolidated statements of financial position as of December 31, 2019. In 2020, the administrative charge deposit was collected from PAGCOR.

c) a cash bond in the amount of ₱1.0 million upon execution of the Junket Agreement in favor of PAGCOR to ensure and secure TSLC's compliance with the terms and conditions of the agreement and PAGCOR's pre-operating requirements which are recorded as part of "Trade non-related parties" under "Receivables" in the consolidated statements of financial position as of December 31, 2019. In 2020, the cash bond was collected from PAGCOR.

All interest income accruing out of the above deposits shall pertain to PAGCOR.

Should TSLC cease operations, for reasons such as violation of terms or conditions as stated in the agreement with PAGCOR, one year or more after the commencement of the agreement but before the end of its term, only TSLC's cash bond and administrative charge deposit shall be forfeited in favor of PAGCOR. The gaming deposit shall be returned to TSLC after deducting any unpaid fees owed by the TSLC to PAGCOR.

On August 1, 2019, the junket agreement between TSLC and PAGCOR expired. The junket agreement was no longer renewed.

In 2019, TSLC generated revenue of ₱0.8 million and presented as part of "Other revenue" in the statement of comprehensive income (nil in 2020 and 2018).

3. Basis of Preparation and Statement of Compliance

Basis of Preparation

The unaudited interim consolidated financial statements are prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (Peso or ₱), which is the Group's functional and presentation currency. All amounts are rounded off to the nearest Peso, except when otherwise indicated (see Note 1).

The unaudited interim consolidated financial statements have been prepared under the going concern assumption. The Group believes that its business would remain relevant despite challenges posed by the COVID-19 pandemic.

Statement of Compliance

The unaudited interim consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs include both standard titles PFRS and Philippine Accounting Standards (PAS), and Philippine Interpretations based on equivalent interpretations from International Financial Reporting Interpretations Committee (IFRIC) as issued by the Philippine Financial Reporting Standards Council (FRSC).

4. **Summary of Changes in Accounting Policies and Disclosures**

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

  The Group did not enter into any business combinations during the year.

- 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.

  The amendments did not have any material impact to the Group.

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

  The amendments 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.

  The amendments did not have any material impact to the Group.

- 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.

The revised Conceptual Framework did not have any material impact to the Group.

- 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 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.

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 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.

  The amendments will apply when the Group sells its property, plant and equipment in the future.

- 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.

  - 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 Group is currently assessing its impact to the consolidated financial statements.

  - 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 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 FRSC 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.

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5. Summary of Significant Accounting and Financial Reporting Policies, Significant Accounting Judgements, Estimates and Assumptions

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary where the parent has control. 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 a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting 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 re-assesses 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 OCI are attributed to the equity holders of the parent 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 the subsidiary to bring their accounting policies in 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, non-controlling 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.

Accounting Policies of Subsidiaries
The financial statements of subsidiary are prepared for the same reporting year using uniform accounting policies as those of the Group.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the consolidated financial statements of each entity are measured using that functional currency.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in the 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 the 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.

Fair Value Measurement
The Group measures financial instruments at each reporting date. Additional fair value related disclosures including fair values of financial instruments measured at amortized cost (AC) are disclosed in Note 23.

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 to 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 non-financial 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 the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments - Classification and Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at AC
- financial assets measured at fair value through profit or loss (FVTPL)
- financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual Cash Flows Characteristics
If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

Business Model
The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial Assets at AC
A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. Financial assets at AC 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 financial assets at AC include cash in banks, receivables (excluding "advances from employees"), deposits (presented as part of "Prepayments and other current assets" in the consolidated financial statements), noncurrent portion of receivable arising from PTO and long-term deposits (presented as part of "Other noncurrent assets" in the consolidated financial statements).

Financial Assets at FVTPL
Financial assets at FVTPL are measured at fair value unless these are measured at AC or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent SPPI. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the consolidated statements of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statements of comprehensive income.

Additionally, even if the asset meets the AC or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

As of June 30, 2021, the Group does not have financial assets at FVTPL.

Financial Assets at FVOCI

Debt Instruments
A debt financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until

the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the estimated credit loss (ECL) model.

As of June 30, 2021, the Group does not have debt instruments at FVOCI.

Equity instruments
The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments designated at FVOCI are not subject to impairment assessment.

As of June 30, 2021, the Group does not have equity instruments at FVOCI.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:
- the rights to receive cash flows from the asset expires;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through 'arrangement; the Group 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.

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (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 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).

Loss Allowance
For cash in banks, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For receivables, deposits and long-term deposits, 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.

<u>Write-off Policy</u>
The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Classification of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, 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.

For purposes of subsequent measurement, financial liabilities are classified in two categories:
• Financial liabilities at FVTPL
• Financial liabilities at AC (loans and borrowings)

The Group's financial liabilities include accounts payable and other current liabilities, and loans payable.

Financial liabilities at FVTPL
Financial liabilities at FVTPL 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 IFRS 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 statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Group has not designated any financial liability as at FVTPL.

Financial liabilities at AC (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at AC 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 statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings, accounts payable and other current liabilities, retention payables, and advances from stockholders.

Derecognition
A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in profit or loss in the consolidated statement of comprehensive income.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

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 a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

<u>Reclassifications of Financial Instruments</u>
The Group reclassifies its financial instruments when, and only when, there is a change in the business model for managing the financial instruments. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial instruments.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the 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, to realize the assets and settle the liabilities simultaneously.

Cash
Cash in the consolidated statements of financial position comprises of cash on hand and cash in banks.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and condition are accounted for using the first-in/first-out basis. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

VAT
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statements of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the "Input VAT," "Deferred input VAT," or "Accounts payables and other current liabilities" in the consolidated statements of financial position

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 of within the normal operating cycle.

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 "Prepayment and other current assets" in the consolidated statements of financial position. CWT is stated at its estimated NRV.

Property and Equipment
Property and equipment, except land, are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of comprehensive income as incurred and is stated at cost less accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful Lives in Years
Building	30
Machinery	10
Non-gaming equipment	5
Kitchen and bar equipment, computer software and hardware	3

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive income when the asset is derecognized.

Investment Properties

The Group's investment properties consist of building held for lease. Investment properties are measured initially cost, including transaction costs and subsequently measured at cost less any accumulated depreciation and impairment.

Depreciation of investment properties commences once they become available for use and is calculated on a straight-line basis over the estimated remaining useful life of 26 years.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Advances to Contractors and Suppliers

Advances to contractors and suppliers are noninterest bearing down payments which are applied against progress billings by the contractors and suppliers. Advances to contractors and suppliers are presented under "Other noncurrent assets" in the consolidated statement of financial position.

Operating Equipment

Operating equipment (shown as part of "Other noncurrent assets") includes linens uniforms, and utensils, which are carried at cost. Bulk purchases of items of operating equipment with expected usage period of beyond one year are classified as noncurrent assets and are amortized over three years.

Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that the non-financial assets may be impaired or whether there is an indication that a previously recognized impairment loss may no longer exist or may have decreased. If such indications exist, the Group makes an estimate of the asset's recoverable amount. An assets' recoverable amount is the higher of the assets' or cash generating unit's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

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.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In cases where the impairment loss no longer exists or may have decreased due to a change in estimates, the carrying amount of an asset is increased to its recoverable amount to the extent that the amount cannot exceed the carrying amount, net of depreciation or amortization, had no impairment loss been recognized in prior years. Impairment loss or its reversal is recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

Contract Liabilities
A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract liabilities include payments received by the Group from the customers for which revenue recognition has not yet commenced. Accordingly, hotel deposits, banquet customers, advance collection for purchase of bingo cards, services received from customers, and lessees are recorded as contract liabilities until services or goods are provided or sold to the customers. Contract liabilities as of December 31, 2020 and 2019 are recognized under "Accounts payable and other current liabilities" in the notes to the financial statements.

Retention Payable
Retention payable represents the portion of contractor billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until the defects have been corrected.

Deposit for Future Stock Subscription
Deposit for future stock subscription represents amounts received that will be applied as payment in exchange for a fixed number of the Group's own equity instruments, and presented in the noncurrent liabilities section of the consolidated statements of financial position. These are measured at cost and are reclassified to capital stock upon issuance of shares.

In accordance with Financial Reporting Bulletin (FRB) No. 6 issued by the SEC, the following elements should be present as of the reporting date in order for the deposits for future stock subscriptions to qualify as equity:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is a BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been presented for filing or filed with the Commission.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability.

Capital Stock
Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Incremental costs incurred that are directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Deficit

Deficit pertains to accumulated gains and losses, and may also include effect of changes in accounting policies as may be required by the standards' transitional provisions.

Revenue Recognition

The Group's revenue from contracts with customers primarily consist of hotel accommodation services, food and beverage, bingo services 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.

Revenue Share in Gaming Operations

Revenue share in gaming operations represents a certain percentage share of gross winnings after deducting the players' winnings/prizes, franchise tax and applicable subsidies and rebates. The revenue share in gaming operations comprise of the revenue from allowing PAGCOR to use the Group's gaming facilities and gaming equipment.

Revenue from Hotel

Revenue from hotel is recognized over time as the service is rendered to the customer, generally when the hotel services are performed. Deposits received from customers in advance on rooms are recorded under "Contract liabilities" until services are provided to the customers.

Revenue from Food and Beverage

Revenue from food and beverage is recognized at point in time when the control of the goods is transferred to the customer, generally when the goods are delivered.

Revenue from Bingo Operations

Revenue from bingo operations represents net sales from the conduct of bingo operations. Net sales is defined as the total gross receipts from sale of bingo tickets and cards and daubers less prizes/winnings. Revenue is recognized at point in time upon the conduct of the bingo operations.

Rental Income

Rental revenue from the leasing of certain areas of the hotel held under operating lease are recognized on a straight-line basis over the periods of the respective leases.

Other Revenue

Other revenue consists of tobacco sales, laundry services, parking fees, charges for utilities consumed by lessee and income from junket operations.

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 advances to related parties.

Loyalty Program Points

The Group operates loyalty program to encourage repeat business mainly from loyal slot machine customers and table game patrons. Members earn points primarily based on gaming activities and such points can be redeemed for goods and 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.

Operating Costs and Expenses
Costs and expenses are recognized in the consolidated statements of comprehensive income upon utilization of the service or at the date they are incurred.

Gaming Fees
As a grantee of PAGCOR, the Group is required to pay PAGCOR a percentage of its gross receipts from bingo operations. These fees are recorded as part of "Gaming fees" under "Operating costs and expenses".

Income Tax

Current Income Tax

Current income tax assets and liabilities 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 date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:
- When the deferred tax liability arises from the initial recognition of goodwill or 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.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when 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 carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:
- When the deferred 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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 date 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 asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits 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 year 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 date.

Deferred 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 tax liabilities are offset if and only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Retirement Benefits

The Group does not have an established retirement plan and only conform with Republic Act (RA) 7641, Retirement Pay Law, which is a defined benefit type.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise service cost, net interest on the net defined benefit liability or asset and re-measurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Leases

Group as a Lessor - Operating lease

Lease in which the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as a Lessor - Finance lease
Lease in which the Group transfers substantially all the risks and benefits of ownership of the assets are classified as finance lease. Lease collections are apportioned between the finance income and the reduction of the outstanding receivable so as to achieve a constant periodic rate of interest on the remaining balance of the receivable for each period. Finance income are charged directly against profit or loss. A combination of the following would normally lead to a lease being classified as finance lease:

a. ownership of the asset to the lessee by the end of the lease term.
b. the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised.
c. the lease term is for the major part of the economic life of the asset even if title is not transferred.
d. at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
e. the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee
The Group has not entered into any lease arrangement other than short-term leases of which the Group applies the short-term lease recognition exemption. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Lease Modification.
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

<u>Provisions</u>
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statements of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

<u>Earnings (Loss) Per Share</u>
Earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year adjusted to give retroactive effect to any stock dividends declared during the year.

Basic earnings (loss) per share is calculated by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year.

Diluted earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares taking into account the effects of all potential dilutive common shares.

Segment Reporting

For management purposes, the Group is organized and managed separately according to the nature of the business. These operating businesses are the basis upon which the Group reports its segment information presented in Note 22.

An operating segment is a component of an entity:

a. that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b. with operating results regularly reviewed by the entity's chief of operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
c. for which discrete financial information is available.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used are based on management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from the estimates and assumptions used. The effects of any change in estimates or assumptions are reflected in the consolidated financial statements when these become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated financial statements.

Assumption on Going Concern

The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. Management believes that it will be able to generate positive cash flows and has obtained from its creditor banks the approval to defer loan payments and credit facilities. In making this judgment, the Company evaluates among other factors, existing and committed cash reserves, challenges imposed by the COVID-19 pandemic, current run-rate performance of the business as well as expected future performance based on internal models informed by competitive market dynamics and macroeconomic factors. Accordingly, the financial statements are prepared on a going concern basis since management has concrete plans with regards to the Group as disclosed in Note 1.

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 the Lessor - Operating Lease Commitments
The Group has entered into various operating lease agreements as a lessor. The Group has determined that it has retained substantially all the risks and benefits of ownership of the assets. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life. Accordingly, the lease is accounted for as an operating lease.

Group as the Lessor - Finance Lease Commitments
The Group has entered into agreements with PAGCOR involving its gaming equipment. The Group has determined that the lease term is for the major part of the asset's economic life. In calculating the present value of the minimum lease payments to measure the finance lease receivable at initial recognition, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine it; otherwise, the lessee's incremental borrowing rate is used. Initial direct costs incurred, if any, are included as part of the asset.

Revenue from Contracts with Customers
The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying of contracts 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.

- *Identifying performance obligations*
  The Group provides hotel services, food and beverage sales, bingo services and other sales and services to its customers. The Group has determined that each of the services are capable of being distinct.

Recognition of Deferred Tax Assets
The Group makes an estimate and judgment of its future taxable income and reviews the carrying amount of the deferred tax assets at each reporting date.

From the casino operations, no deferred tax assets will be recognized since the Group's income from casino operations is exempt from income tax in accordance with Section 13 of P.D. 1869, as amended (see Note 2).

Estimates and Assumptions

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

Definition of Default and Credit-Impaired Financial Assets
Upon adoption of PFRS 9, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria*
  The borrower is more than 90 days past due on its contractual payments, which is consistent with the Group's definition of default.
- *Qualitative Criteria*
  The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

  a) The borrower is experiencing financial difficulty or is insolvent;
  b) The borrower is in breach of financial covenant(s);
  c) Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
  d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Group's ECL calculation.

Simplified Approach for Receivables
The Group uses a provision matrix to calculate ECLs for 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 ECL 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.

Macro-economic Forecasts and Forward-looking Information
Macro-economic forecasts are 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 three years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

In light of COVID-19 pandemic, the Company reviewed the conduct of its impairment assessment and ECL methodology. The Company also reassessed the framework for macroeconomic overlay, incorporating pandemic scenarios to ensure that changes in economic conditions are captured in the ECL calculations.

Allowance for expected credit losses recognized in 2021 and 2020 amounted to ₱118.3 million and ₱118.3 million, respectively. The carrying amounts of receivables (including "Receivable arising from PTO related to gaming equipment – net of current portion " presented as part of "Other Noncurrent Assets") amounted to ₱491.9 million and ₱535.2 million as at June 30, 2021 and 2020, respectively (see Note 7 and 13).

Estimation of the Useful Lives of Property and Equipment and Investment Properties
The useful lives of each of the Group's property and equipment and investment properties are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of each asset are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned above. A reduction in the estimated useful lives of any property and equipment and investment property would increase the recorded operating expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property and equipment in 2020, 2019 and 2018. The carrying value of property and equipment and investment properties as of December 31, 2020 and 2019 are disclosed in Notes 11 and 12 to the consolidated financial statements, respectively.

Impairment of Property and Equipment and Investment Properties
The Group determines whether its non-financial assets are impaired whenever events or changes in circumstances indicate that the carrying values of the assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following, among others:

- significant underperformance relative to expected historical or projected operating results;
- significant changes in the manner of use of acquired assets or the overall business strategy; and
- significant negative industry or economic trends.

As a result of the continuing community quarantines and restricted travel, the Group's revenue from casino, hotel and restaurant operations continues to be adversely affected by the lower number of operating days and guests. In addition, the lessee's operations have not yet commenced due to the suspension of its construction activities in the Group's investment properties, brought about by the COVID-19 pandemic. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and investment properties.

The Group estimates the recoverable amount of the property and equipment and investment properties based on value in use. For property and equipment, value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 5-year forecast. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID -19 pandemic.

For investment properties, value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 9-year forecast of cash flows relating to its lease contract. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the coronavirus pandemic.

The forecasted costs and expenses are based on the Group's historical performance and current market conditions.

Based on the Group's impairment testing, no impairment loss was recognized for the years ended June 30, 2021 and 2020. The net book values of the Group's property and equipment and investment properties amounted to ₱3,667.7 million and ₱729.7 million, respectively, as of June 30, 2021 and ₱3,766.1 million and ₱744.6 million , respectively, as of December 31, 2020 (see Notes 11 and 12)

Impairment of Input VAT
The determination of the Group's recoverability of Input VAT is based on the Group's assessment of its projected operating results taking into consideration the significant impact of COVID-19 pandemic in the industry. The Group assessed that the current portion of input VAT amounting to ₱16.4 million is recoverable within the next 12 months from the reporting date and non-current portion amounting to ₱446.7 million is recoverable for the years thereafter (see Note 9). No impairment loss was recognized as of and for the period ended June 30, 2021.

6. **Cash**

This account consists of:

	June 31, 2021 ***(Unaudited)***	December 31, 2020 *(Audited)*
Cash on Hand	**₱ 6,853,449**	₱1,910,295
Cash in Bank	**6,384,880**	19,139,102
	₱ 13,238,329	₱ 21,049,397

Cash in banks generally earns interest at the respective bank deposit rates. Total interest income earned from cash in banks amounted to ₱0.3 million and ₱0.1 million in 2021 and 2020, respectively.

7. **Receivables**

This account consists of:

	June 30, 2021 ***(Unaudited)***	December 31, 2020 *(Audited)*
Trade:		
Non-related parties	**₱ 84,131,314**	₱ 84,177,684
Related parties (Note 18)	**418,347**	418,347
Nontrade	**125,681,357**	125,681,357
Receivable arising from PTO related to:		
Gaming equipment (Note 16)	**85,345,605**	80,983,264

Gaming facility	**22,847,777**	27,839,504
Advances to employees	**4,291,784**	3,247,805
	322,716,184	322,347,961
Less: Allowance for ECL	**118,264,139**	118,264,139
	₱ 204,452,045	₱204,083,822

Trade receivables consist mainly of claims against the lessees of the building spaces for commercial operations, claims against the travel agencies for the hotel accommodations and claims for deposits by TSLC to PAGCOR under Junket Agreement (see Note 2). These receivables are usually collected within 30 to 60 days.

Nontrade receivables mainly pertain to noninterest-bearing receivable from a third party for consideration related to certain disposed assets.

Receivable arising from PTO pertains to the outstanding balance of the Group's revenue share in gaming operations related to gaming facility and gaming equipment after deducting the players' winnings and prizes, the taxes that may be imposed on these winnings/prizes, franchise tax, and applicable subsidies and rebates, which shall be remitted to the Group within 15 days of the following month in accordance with the PTO.

Allowance for ECL

The following table shows the roll forward of the allowance for expected credit losses as of June 30, 2021 and December 31, 2020:

	June 30, 2021 ***(Unaudited)***	December 31, 2020 *(Audited)*
Balance at beginning of year	**₱118,264,139**	₱110,381,917
Provision	**-**	7,882,222
	₱118,264,139	₱118,264,139

8. **Inventories**

This account consists of:

	June 30, 2021 ***(Unaudited)***	December 31, 2020 *(Audited)*
At cost:		
Operating supplies	**₱ 14,446,146**	₱ 15,784,488
Food, beverage, and tobacco	**2,802,278**	4,421,866
	₱ 17,248,424	₱ 20,206,354

Operating supplies include cards, seals and dice.

No allowance for inventory obsolescence was recognized in 2021 and 2020.

9. Input VAT

	June 30, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Input VAT- current	**₱ 16,375,508**	₱10,931,369
Noncurrent:		
Input VAT – noncurrent	**433,139,527**	427,061,029
Deferred input VAT	**13,513,743**	13,728,189
	446,653,270	440,789,218
	₱ 463,028,778	₱451,720,587

Input VAT pertains mainly to the Group's purchase of goods and services which can be claimed as credit against the future output VAT liabilities without prescription.

Deferred input VAT pertains to the VAT related to certain retention payable and noncurrent portion of input VAT related to acquisition of capital goods exceeding ₱1.0 million.

10. Other Current Assets

This account consists of:

	June 30, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Restricted cash (Note 15)	**₱36,876,217**	₱103,562,631
Deposits	**8,198,150**	4,191,787
Creditable withholding taxes	**6,058,922**	4,920,241
Prepayments	**2,936,917**	1,398,995
	₱54,070,206	₱114,073,654

Restricted cash are interest-bearing special accounts which are solely being used to maintain fund for loan quarterly payments in compliance with the requirements of the loan agreement (see Note 15). Total interest income earned from cash in banks amounted to ₱0.3 million and ₱0.1 million in 2021 and 2020, respectively.

CWT pertains to the taxes withheld by the withholding agent from the payment to the Group.

Deposits pertain to deposit for electricity connection, security deposit for billboard, and advance payments for operating supplies and television advertisements.

Prepayments pertain to advance payments for software maintenance, advertising services and health insurance and taxes.

11. Property and Equipment

This account consists of:

June 30, 2021*(Unaudited)*

	Land	Building	Machinery	Non-gaming equipment	Kitchen and bar equipment, computer software and hardware	Total
Cost						
Balance at beginning of year	**₱600,800,000**	**₱ 3,498,790,353**	**₱221,699,406**	**₱466,156,794**	**₱ 639,966,552**	**₱ 5,427,413,105**
Additions	–	**2,968,113**	**8,708,781**	**419,141**	**414,229**	**12,510,264**
Balance at end of year	**600,800,000**	**3,501,758,466**	**230,408,187**	**466,575,935**	**640,380,781**	**5,439,923,369**
Accumulated depreciation						
Balance at beginning of year	–	**536,976,508**	**100,146,327**	**396,672,105**	**627,497,596**	**1,661,292,536**
Depreciation (Note 21)	–	**60,071,397**	**10,862,031**	**35,155,053**	**4,860,575**	**110,949,056**
Balance at end of year	–	**597,047,905**	**111,008,358**	**431,827,158**	**632,358,171**	**1,772,241,592**
Net book value	**₱600,800,000**	**₱ 2,904,710,561**	**₱ 119,399,829**	**₱ 34,748,777**	**₱ 8,022,610**	**₱ 3,667,681,777**

December 31, 2020 *(Audited)*

	Land	Building	Machinery	Non-gaming equipment	Kitchen and bar equipment, computer software and hardware	Total
Cost						
Balance at beginning of year	₱600,800,000	₱ 3,489,843,089	₱221,699,406	₱ 464,754,666	₱ 636,513,164	₱ 5,413,610,325
Additions	–	8,947,264	–	1,402,128	3,453,388	13,802,780
Balance at end of year	600,800,000	3,498,790,353	221,699,406	466,156,794	639,966,552	5,427,413,105
Accumulated depreciation						
Balance at beginning of year	–	417,459,176	76,342,833	302,716,169	615,005,330	1,411,523,508
Depreciation (Note 21)	–	119,517,332	23,803,494	93,955,934	12,492,266	249,769,026
Balance at end of year	–	536,976,508	100,146,327	396,672,103	627,497,596	1,661,292,534
Net book value	₱600,800,000	₱ 2,961,813,845	₱ 121,553,079	₱ 69,484,691	₱ 12,468,956	₱ 3,766,120,571

As of June 30, 2021 and December 31, 2020, land and building, including the amount reclassified to investment properties (see Note 12), with an aggregate carrying values of ₱4.2 billion and ₱4.3 billion were pledged as collateral for the loan facility, respectively (see Note 15).

The cost of fully depreciated property and equipment which are still in use amounted to ₱725.4 million and ₱613.7 million in 2020 and 2019, respectively.

In 2019, the Parent Company sold a kitchen and bar equipment which resulted to a gain of ₱13.4 million (nil in 2020). Proceeds from sale of kitchen and bar equipment is recorded as part of "Trade non-related parties" under "Receivables" in the consolidated statements of financial position as of June 30, 2021 and December 31, 2020 (see Note 7).

As of June 30, 2021 and December 31, 2020, the Group has outstanding retention payable to its service providers related to renovation and improvements to the building amounting to ₱4.1 million and ₱7.9 million, respectively.

Impairment

As a result of the continuing community quarantines and restricted travel brought about by COVID-19 pandemic, the Group's revenue from casino, hotel and restaurant operations continues to be adversely affected by the lower number of operating days and guests. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment.

The Group estimates the recoverable amount of the property and equipment based on value in use. The value in use calculations uses pre-tax cash flow projections based on the prospective financial information using 5-year forecast. These pre-tax cash flow projections were approved by management. The cash flow projections assumed the potential revenue growth rate against the industry and the long-term growth rate against relevant economic and external data, which are adjusted to take into consideration the impact associated with the COVID -19 pandemic.

Based on the Group's impairment testing on property and equipment, no impairment loss was recognized in 2021 and 2020 (see Note 5).

12. **Investment Properties**

In 2019, the Parent Company entered into a lease agreement with a third party to lease and convert the parking and roof-deck area of Winford Hotel and Casino, with a total area of 15,718 sqm, into an office space for lease. Upon execution of the lease agreement, the Parent Company reclassified the portion of the property and equipment held for lease into "Investment properties" amounting to ₱ 781.8 million

The movements in the carrying amount of investment property is shown below:

	June 30, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Cost	**₱781,802,218**	₱781,802,218
Accumulated depreciation	**52,120,148**	37,228,677
Net book value	**₱ 729,682,070**	₱ 744,573,541

Movement of accumulated depreciation:

	June 30, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Beginning	**₱37,228,677**	₱7,445,736
Depreciation expense (Note 21)	**14,891,471**	29,782,941
Accumulated depreciation	**₱52,120,148**	₱ 37,228,677

No rental income was recognized in 2021 and 2020. Operating expenses related to the investment properties amounted to ₱8.0 million and ₱5.6 million in 2021 and 2020 respectively, which pertains mainly to real property taxes. There were no significant repairs and maintenance were made to maintain the Parent Company's investment properties in 2021 and 2020.

Impairment

As a result of the continuing community quarantines and restricted travel brought about by COVID-19 pandemic, the third-party lessee's operations have not yet commenced due to the suspension of its construction activities in the Group's investment properties. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and investment properties.

The Group estimates the recoverable amount of the investment properties based on value in use. Value in use calculations for investment properties uses pre-tax cash flow projections based on the prospective financial information using 9-year forecast of cash flow relating to its lease contract, taking into consideration the impact associated with the COVID-19 pandemic. The forecasted costs and expenses are based on the Group's historical performance and current market conditions.

Based on the Group's impairment testing on investment properties, no impairment loss was recognized in 2021 and 2020.

13. **Other Noncurrent Assets**

This account consists of:

	June 30, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Receivable arising from PTO related to gaming equipment - net of current portion (Notes 16)	**₱ 287,497,335**	₱331,107,901
Long-term deposits	**6,267,386**	6,267,386
Advances to contractors and suppliers	**4,779,331**	4,779,331
Operating equipment	**1,454,932**	1,906,434
	₱299,998,984	₱344,061,052

Long-term deposits pertain to guarantee payment for utility bills.

Movement in operating equipment are as follows:

	June 30, 2021 *(Unaudited)*			
	Utensils	**Linens**	**Uniforms**	**Total**
Cost				
Balance at beginning of year	**₱ 23,562,076**	**₱ 72,633,142**	**₱ 5,449,609**	**₱ 101,644,827**
Additions / (Adjustments)	**–**	**(1,112)**	**3,148**	**2,036**
Balance at end of year	**23,562,076**	**72,632,030**	**5,452,757**	**101,646,863**
Accumulated amortization				
Balance at beginning of year	**23,562,076**	**71,143,836**	**5,032,481**	**99,738,393**
Amortization (Note 21)	–	**327,653**	**125,885**	**226,769**
Balance at end of year	**23,562,076**	**71,471,489**	**5,158,366**	**100,191,931**
Net book value	**₱–**	**₱ 1,160,541**	**₱ 294,390**	**₱1,454,932**

	December 31, 2020 *(Audited)*			
	Utensils	Linens	Uniforms	Total
Cost				
Balance at beginning of year	₱ 23,562,076	₱ 70,917,497	₱5,340,259	₱ 99,819,832
Additions	–	1,715,645	109,350	1,824,995
Balance at end of year	23,562,076	72,633,142	5,449,609	101,644,827
Accumulated depreciation				
Balance at beginning of year	23,562,076	70,816,300	4,556,182	98,934,558
Amortization	–	327,536	476,299	803,835
Balance at end of year	23,562,076	71,143,836	5,032,481	99,738,393
Net book value	₱–	₱ 1,489,306	₱ 417,128	₱ 1,906,434

14. Accounts Payable and Other Current Liabilities

This account consists of:

	June 30, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Accounts payable	**₱ 359,746,615**	₱ 364,244,546
Accrued expenses	**213,019,016**	155,934,953
Gaming liabilities	**44,557,502**	39,147,990
Contract liabilities	**16,281,580**	16,558,725
Advances from related parties (Note 18)	**4,982,104**	4,982,104
Taxes payable	**9,845,316**	3,962,415
Others	**24,180,768**	22,693,718
	₱ 672,612,901	₱ 607,524,451

Accounts payable are noninterest-bearing and are normally settled within 30 to 60 days after the billing was received.

Accrued expenses pertain to accrual of payroll, other employee benefits, utilities, travel and transportation, meeting and conferences, security services and service fees, professional fees, among others, which are normally settled in the next financial year.

Gaming liabilities include provision for progressive jackpot on slot machine and for points earned from point loyalty programs.

Contract liabilities pertain to hotel deposits, banquet customers, advance collection for purchase of bingo cards, services received from customers, and lessees are recorded as contract liabilities until services or goods are provided or sold to the customers. The revenue recognized from prior year performance obligations amounts to ₱0.3 million and ₱1.8 million for the period ended June 30, 2021 and 2020, respectively.

Taxes payable pertains to taxes withheld by the Group from its contractors and suppliers from payments made mainly in relation to the construction of building and output VAT.

Others include deposits which shall be applied as payment for future bookings of hotel rooms, statutory liabilities and other various individually insignificant items.

15. **Loans Payable**

This account consists of:

	June 30, 2021 ***(Unaudited)***	December 31, 2020 *(Audited)*
Principal	**₱2,307,900,000**	₱2,307,900,000
Less unamortized debt discount	**(14,796,595)**	(15,117,333)
	2,293,103,405	2,292,782,667
Less current portion of long-term debt	**(244,076,759)**	(138,039,293)
	₱2,049,026,646	₱2,154,743,374

The movements in the principal balance of loans payable are as follows:

	June 30, 2021 ***(Unaudited)***	December 31, 2020 *(Audited)*
Balance at beginning of year	**₱2,307,900,000**	₱2,355,000,000
Payment	–	(47,100,000)
Balance at end of year	**₱2,307,900,000**	₱2,307,900,000

The movements in unamortized debt discount follow:

	June 30, 2021 ***(Unaudited)***	December 31, 2020 *(Audited)*
Unamortized debt discount at beginning of year	**₱15,117,333**	₱17,362,110
Additions*	–	1,966,404
Amortization	**(320,738)**	(4,211,181)
Unamortized debt discount at end of year	**₱14,796,595**	₱15,117,333

**Recorded as "Interest expense and other financing charges" in the consolidated statements of comprehensive income*

Future repayment of the principal as follows:

	June 30, 2021 *(Unaudited)*	December 31, 2020 *(Audited)*
Within one year	**₱247,275,000**	₱141,300,000
After one year but not more than five years	**2,060,625,000**	2,166,600,000
	₱2,307,900,000	₱2,307,900,000

In 2015, the Parent Company signed a 7-year loan agreement with a local bank for a ₱3.5 billion loan with an interest rate of 7-year Philippine Dealing System Treasury Reference Rates 2 (PDST-R2) plus 125 basis points at drawdown date, plus gross receipts tax (the "Original Loan"). The proceeds from this loan was initially availed of to fund the acquisition of gaming system and equipment, hotel furniture and equipment and permanent working capital of the Parent Company. In November 2015, the Parent Company drew ₱2.5 billion receiving proceeds of ₱2.5 billion, net of related debt issue cost of ₱30.0 million. Subsequently, in April 2016, the Parent Company drew the remaining ₱1.0 billion from the loan facility, receiving proceeds of ₱995.0 million, net of documentary stamp tax amounting ₱5.0 million. Debt issue costs for both loans include documentary stamp tax amounting to ₱17.5 million and upfront fees amounting to ₱17.5 million. Both loans will mature on November 27, 2022.

On November 22, 2019, the Parent Company entered into 7-year loan agreement amounting to ₱2.4 billion with another local bank. This loan has an interest rate of 7-year Philippine Bloomberg Valuation Service (BVAL) Reference Rates plus 125 basis points at drawdown date, plus gross receipts tax (the "New Loan"). Interest on the outstanding principal amount shall be paid on each quarterly interest payment date. The proceeds from the loan was availed solely to refinance the outstanding balance of its ₱3.5 billion loan, funding the Parent Company's debt service accounts and financing related expenses for general corporate purposes.

On November 27, 2019, the Parent Company drew the full amount under the New Loan, receiving proceeds of ₱2.3 billion, net of related debt issue cost of ₱17.7 million. As a result, the Parent Company derecognized the Original Loan together with the unamortized debt issue cost and recognized prepayment penalty aggregating ₱34.8 million as "Interest expense and other financing charges" in the parent company statements of comprehensive income.

In June 2020, the bank provided a favorable payment scheme of the loan obligations for principal and interest payments in light of the COVID-19 crisis. In August 2020, the bank further approved the relief previously agreed in June 2020. The Parent Company availed of the following reliefs and renegotiated the terms of its existing loan agreements with the bank:

- *Principal repayments and interest payment*
  Quarterly principal repayment due in June 2020 is deferred to May 2021. Quarterly interest payment shall be changed to monthly starting June 2020 to February 2021 and shall revert to quarterly payments starting May 2021 coinciding with the principal repayment from May 2021 to November 2026.

- *Term loan covenants*
  Debt Service Payment Account (DSPA) shall have no build-up on principal plus interest due until April 2021. The monthly buildup will resume starting May 2021 onwards equivalent to one-third of next principal plus interest due.

Debt Service Reserve Account (DSRA) requirement of equivalent to two quarters of principal plus interest shall be deferred to May 2021 onwards.

Restriction with respect to quarterly calculation of debt-equity ratio and debt service coverage ratio is waived and will resume on September 2021 based on June 30, 2021 interim financial statements.

In addition, quarterly principal and interest repayments starting May 2021 were further extended to July 2021 or a 60-day extension by virtue of Bayanihan to Heal as One Act (RA 11469).

Based on the Parent Company's assessment, these modifications in the contractual cash flows are not substantial and therefore do not result in the derecognition of the affected financial liabilities.

Under the loan agreement, the Parent Company is required to maintain a debt service accounts to fund the quarterly principal and interest payments of the loan in accordance with the loan agreement. The cash amounting to ₱36.9 million and ₱103.7 million in 2021 and 2020 respectively, are presented under "Prepayments and other current assets" as "Restricted cash" (see Note 10).

The related interest recognized from the loans amounted to ₱71.7 million and ₱76.3 million for the period ended June 30, 2021 and 2020, respectively. Total interest paid amounted to ₱72.3 million and ₱80.4 million for the period ended June 30, 2021 and 2020, respectively.

The loan is secured by the Parent Company's land and building, classified as property and equipment and investment properties in the parent company statements of financial position, with an aggregate carrying value of ₱4.2 billion and ₱4.3 billion as of June 30, 2021 and December 31, 2020, respectively (see Notes 11 and 12).

In July 23, 2021, the bank further provided a favorable payment scheme to the Parent Company due to the continuing COVID-19 situation affecting the Parent Company and additional credit lines. Details are as follows:

- *Principal repayments*

  Quarterly principal repayment due in July 2021 was deferred to January 2023. Accordingly, current portion of the loans payable amounting to ₱244.0 million as of March 31, 2021, will now be due in January 2023.

- *Term loan covenants*

  DSPA shall have no build-up up to October 2022. The monthly buildup will resume starting November 2022 onwards equivalent to one-third of next debt service.

  DSRA requirement of equivalent to two quarters of debt service starting July 2021.

  Restriction with respect to quarterly calculation of debt-equity ratio and debt service coverage ratio is waived and will resume on 2023 based on 2022 consolidated financial statements.

<u>Credit line facility</u>

On July 30, 2021, a local bank provided the Parent Company with a credit line facility amounting to ₱400.0 million. The unused credit line as of report date amounted to ₱400.0 million.

16. **Significant Commitments**

PTO

As discussed in Notes 1 and 2, the Parent Company was granted a PTO by PAGCOR for the establishment, maintenance and operation of PAGCOR San Lazaro on March 18, 2010. The PTO shall be for a period of fifteen (15) years commencing on January 6, 2016, the date of actual operation.

Under this arrangement, the Parent Company shall acquire, install, maintain and upgrade to keep abreast with the worldwide industry of casino gaming the following to be used for the operation of PAGCOR San Lazaro as approved and deemed necessary by PAGCOR:

(1) Certain number of gaming tables, table layout, chairs and other equipment and paraphernalia.
(2) A minimum number of new slot machines and an online token-less system of linking and networking all slot machines.

The use of slot machines and gaming tables (“Gaming Equipment”) by PAGCOR will be for the major part of the Gaming Equipment’s economic life.

In addition, the Parent Company shall also establish the gaming facility, including furnishings; undertake and shoulder the cost of designing, furnishing and maintaining PAGCOR San Lazaro.

The use of certain floors in the Parent Company’s building as gaming facility did not substantially transfer the risk and benefits related to the ownership of the building.

The Parent Company requested PAGCOR to manage PAGCOR San Lazaro and PAGCOR shall exclusively and directly control, supervise and manage PAGCOR San Lazaro.

The Parent Company’s share from gross gaming revenue of PAGCOR San Lazaro for the three months ended June 30, 2021 amounted to ₱85.8 million and ₱136.1 million in June 30, 2020. Portion of the share from gross gaming revenue of PAGCOR San Lazaro related to gaming equipment was applied as payment for receivable arising from PTO in 2021 amounting to ₱39.4 million. Accordingly, revenue share in gaming operations for the six months ended June 30, 2021 and 2020, presented in the consolidated statements of comprehensive income, amounted to ₱46.4 million and ₱119.0 million, respectively.

The details of the revenue share in gaming operations for the six months ended June 30, 2021 and 2020 are as follows:

	June 30, 2021 *(Unaudited)*	June 30, 2020 *(Unaudited)*
Revenue share from gaming operations related to:		
Gaming facility	**₱ 25,615,159**	₱106,991,540
Gaming equipment	**20,787,545**	12,011,540
	₱ 46,402,704	₱119,003,080

The details of the revenue share in gaming operations for the three months ended June 30, 2021 and 2020 are as follows:

	June 30, 2021 *(Unaudited)*	June 30, 2020 *(Unaudited)*
Revenue share from gaming operations related to:		
Gaming facility	**₱ 9,685,161**	₱2,141,112
Gaming equipment	-0-	-0-
	₱ 9,685,161	₱2,141,112

The future minimum collection related to the gaming equipment follows:

	June 30, 2021
Within one year	**₱ 120,464,370**
After one year but not more than five years	**324,396,622**
More than five years	**20,154,368**
	465,015,360
Less: unamortized portion of discount	**(92,172,420)**
	372,842,940
Less: current portion (Note 7)	**(85,345,605)**
Noncurrent portion (Note 13)	**₱ 287,497,335**

17. **Deposit for Future Stock Subscription**

The Group presented the deposit amounting to ₱2.4 billion as "Deposit for future stock subscription" under noncurrent liabilities in the consolidated statements of financial position as of December 31, 2020 and 2019, in accordance with FRB No. 6 as issued by the SEC.

As of report date, the Parent Company is in the process of applying with SEC (Note 19).

18. **Related Party Transactions**

Entities and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Entities and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the entity, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Transactions with Related Parties

In the ordinary course of business, the Group has significant transactions with related parties as follows:

Party	Amount/Volume			Receivable (Payable)		Financial Statements		
	2021	2020	2019	**2021**	**2020**	**Account**	**Terms**	**Conditions**
Stockholder								
Manila Jockey Club, Inc. (MJCI)								
Deposit for future stock subscription (Note 17)	₱-	₱-	- ₱	₱ (321,233,646)	₱ (321,233,646)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances (a) (Note 14)	-	(11,285)	-	(4,982,104)	(4,982,104)	Advances from related parties	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Commission from the off-track betting (b) (Note 7)	-	(41,389)	-	418,347	-	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Various Shareholders								
Deposit for future stock subscription (Note 17)	-	-	-	(2,105,268,102)	(2,105,268,102)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances from stockholders (c)	(36,141,684)	102,704,215	-	(482,426,911)	(446,285,227)	Advances from stockholders	Interest-bearing and Non-interest bearing	Unsecured, unguaranteed
Interest payable on advances from stockholders (c)	(8,374,784)	13,534,528		(23,532,923)	(15,158,139)	Interest payable	Non-interest bearing	Unsecured, unguaranteed
Affiliate								
Manila Cockers Club, Inc. (MCI)								
Commission from the off-track betting (d), (e)	-	-	2,899,564	-	-	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed
				(2,426,501,748)	(2,426,501,748)	Deposit for future stock subscription		
				(4,982,104)	(4,982,104)	Advances from related parties		
				418,347	-	Receivable		
				(482,426,911)	(446,285,227)	Advances from stockholders		
				(23,532,923)	(15,158,139)	Interest payable		

(a) The Parent Company obtains advances for expenses such as office rental, utilities and other allowances of the Parent Company's employees.
(b) Share of the Parent Company on horse racing gross bets from off track betting station of MJCI located at Winford Hotel and Casino.
(c) The Parent Company obtains interest bearing advances from stockholders for additional funding on its capital expenditures.
(d) Share of the Parent Company on cockfighting gross bets from off track betting station of MCI located at Winford Hotel and Casino.
(e) MCI is an affiliate through a common stockholder, MJCI.

Key Management Personnel
Total key management personnel compensation of the Group amounted to ₱8.5 million, ₱15.9 million, for the three months ended June 30, 2021 and 2020, respectively. The compensations are short-term employee benefits.

The Group has no standard arrangement with regard to the remuneration of its directors. In 2021 and 2020, the BOD received directors' fees aggregating ₱0.2 million and ₱0.2 million, respectively (Note 21).

19. **Equity**

Capital Stock
The Parent Company has a total of 5,000,000,000 authorized shares, 3,174,405,821 issued and subscribed shares at ₱1.00 par value. The total issued, outstanding, and subscribed capital are held by 433 for the years 2019 and 2018, and 446 equity holders for the year 2017.

On April 12, 2018, the BOD approved the conduct of a stock rights offering in order to raise additional capital. The total number of shares to be issued is 1,587,202,910 common shares and the stock offer price shall be at ₱1.00 per share. The entitlement ratio shall be one rights share for every two common shares held as of record date.

On September 17, 2018, the BOD approved the offer price for the rights shall be ₱1.00 rights per share, if paid in full upon submission on the application to subscribe, or ₱2.00 per rights share, if paid on installment basis. As of August 4, 2021, the stock rights offering is still pending approval of SEC.

20. **Basic/Diluted Loss Per Share**

	June 30, 2021 *(Unaudited)*	June 30, 2020 *(Unaudited)*
Net loss for the year	**₱ 330,296,203**	₱ 279,807,212
Divided by weighted average number of outstanding common shares	**3,174,405,821**	3,174,405,821
Basic/diluted losses per share	**₱0.10**	₱0.09

The Group has no potential dilutive common shares as of June 30, 2021 and June 30, 2020. Therefore, the basic and diluted loss per share are the same as of those dates.

21. **Operating Costs and Expenses**

This account consists of:

	For the Three months ended June 30		For the Six months ended June 30	
	2021	2020	**2021**	2020
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Depreciation and amortization (Notes 11 and 12)	**₱ 62,118,354**	₱ 70,093,019	**₱ 126,294,064**	₱ 142,565,707
Taxes and licenses	**14,611,477**	10,418,653	**29,944,969**	20,401,017
Salaries and wages	**13,632,291**	14,045,666	**28,183,632**	36,039,429
Utilities	**13,593,410**	10,432,419	**28,577,128**	31,884,178
Repairs and maintenance	**10,447,429**	10,032,981	**20,361,124**	21,854,223
Contracted services	**9,917,946**	4,106,114	**18,506,752**	22,483,465
Service fee	**9,380,357**	9,380,357	**18,760,714**	18,760,714
Security services	**7,647,364**	4,963,374	**13,683,834**	14,403,672
Advertising and marketing	**4,569,823**	3,611,309	**8,043,024**	10,697,721
Transportation and travel	**2,845,191**	1,657,345	**5,463,402**	3,591,736
Insurance	**2,256,883**	1,603,793	**4,326,514**	3,207,587
Professional fees	**1,928,355**	2,212,922	**3,365,221**	4,768,550
Communication	**1,885,586**	1,863,850	**3,711,745**	3,730,252
Hotel room and supplies	**1,647,975**	1,829,553	**4,138,289**	6,894,863
Food, beverage, and tobacco	**1,297,732**	1,027,196	**5,824,341**	8,878,352
Rent	**483,200**	659,693	**866,388**	1,412,038
Supplies	**387,032**	137,470	**812,318**	725,692
Meetings and conferences	**332,813**	330,000	**662,813**	660,000
Retirement	**209,889**	209,889	**419,778**	419,778
Gaming fees	**10,382**	553,247	**135,650**	6,560,702
Directors' fees	**-**	244,000	**122,000**	244,000
Banquet expenses	**-**	-	**-**	3,964,001
Entertainment	**-**	**-**	-	2,682,516
Others	**1,845,662**	1,369,774	**3,237,662**	7,059,305
	₱161,049,151	₱150,782,622	**₱ 325,441,363**	₱ 373,889,499

22. **Operating Segment Information**

The Group has two operating segments in 2021, 2020, and 2019. Gaming segment pertains to casino operations while non-gaming pertains to hotel operations. Management monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the total comprehensive loss on the consolidated financial statements. The Group's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Segment Revenue and Expenses

The segment results for the three and nine months ended June 30, 2021 and 2020 are as follows:

For the Three months ended June 30

	2021			2020		
	Gaming	**Non-gaming**	**Total**	Gaming	Non-gaming	Total
Revenue	₱ 9,685,161	₱ 20,804,833	₱ 30,489,993	₱2,143,161	₱1,600,448	₱3,743,609
Operating costs and expenses	(48,025,285)	(113,023,866)	(161,049,151)	(54,532,068)	(96,250,554)	(150,782,622)
Other income (expenses) – net	(28,359,324)	(13,980,415)	(42,339,739)	(27,920,578)	(10,219,119)	(38,139,697)
Provision from income tax	(1,892)	-0-	(1,892)	(529)	(11,282)	(11,811)
Net income (loss)	₱ (66,701,340)	₱ (106,199,449)	₱ (172,900,789)	₱(80,310,014)	(₱(104,880,507)	(₱(185,190,521)

For the Six months ended June 30

	2021			2020		
	Gaming	**Non-gaming**	**Total**	Gaming	Non-gaming	Total
Revenue	₱ 46,402,704	₱ 32,208,478	₱ 78,611,182	₱127,948,132	₱42,772,120	₱170,720,252
Operating costs and expenses	(98,333,675)	(227,107,687)	(325,441,363)	(132,896,425)	(240,993,074)	(373,889,499)
Other income (expenses) – net	(55,835,062)	(27,625,696)	(83,460,758)	(56,751,712)	(19,866,703)	(76,618,415)
Provision from income tax	(5,264)	-0-	(5,264)	(955)	(18,595)	(19,550)
Net income (loss)	₱ (107,771,297)	₱ (222,524,905)	₱ (330,296,203)	₱(61,700,960)	(₱(218,106,252)	(₱(279,807,212)

Segment Assets and Liabilities and Other Information

The segment assets, liabilities, capital expenditures and other information as of June 30, 2021 and December 31, 2020 are as follows:

	2021		
	Gaming	**Non-gaming**	**Total**
Assets	**₱ 1,543,128,281**	**₱ 3,906,272,332**	**₱ 5,449,400,613**
Liabilities	**3,813,800,983**	**2,148,323,542**	**5,962,124,525**
Capital expenditures	**3,014,508**	**9,495,756**	**12,510,264**
Interest income	**174,723**	**86,058**	**260,781**
Depreciation and amortization	**32,722,622**	**93,571,442**	**126,294,064**

	2020		
	Gaming	Non-gaming	Total
Assets	₱1,417,480,295	₱4,248,408,683	₱5,665,888,978
Liabilities	300,097,400	5,548,680,430	5,848,777,830
Capital expenditures	564,253	13,238,527	13,802,780
Interest income	–	2,138,149	2,138,149
Depreciation and amortization	73,614,690	206,741,112	280,355,802

23. Fair Value Measurement

The carrying values of cash in banks, receivables, deposits, accounts payable and other current liabilities (excluding “withholding taxes payable”) approximate their fair values due to the short-term nature of these accounts.

The fair values of receivable arising from PTO related to gaming equipment, long-term deposits and loans payable were based on the present value of estimated future cash flows using interest rates that approximate the interest rates prevailing at the reporting date. The carrying values and fair value of receivable arising from PTO related to gaming equipment, long-term deposits and loans payable are as follows:

	June 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Receivable arising from PTO related to gaming equipment	**₱372,842,940**	**₱ 468,322,769**	₱412,091,165	₱498,257,576
Long-term deposits	**6,267,386**	**6,267,386**	6,267,386	6,267,386
	₱379,110,326	**₱ 474,590,155**	₱418,358,551	₱504,525,262
Financial Liabilities				
Advances from Stockholders	**₱ 475,728,403**	**₱ 475,728,403**	₱446,285,227	₱446,285,227
Loans payable	**2,293,103,405**	**2,293,103,405**	2,292,782,667	2,292,782,667
	₱2,768,831,808	**₱2,768,831,808**	₱2,739,067,894	₱2,739,067,894

As of June 30, 2021 and December 31, 2020, the Group’s consolidated financial assets and liabilities are measured at fair value under the Level 2 hierarchy. There were no financial instruments carried at fair value as of June 30, 2021 and December 31, 2020.

24. **Working Capital and Capital Management**

The primary objective of the Group's working capital and capital management is to ensure that the Group has sufficient funds in order to support its business, pay existing obligation and maximize stockholders' value. The Group considers its total equity, including deposit for future stock subscription, amounting to ₱1.9 billion and ₱2.2 billion as its capital as of June 30, 2021 and December 31, 2020, respectively.

The Group maintains a capital base to cover risks inherent in the business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The Group monitors working capital and capital on the basis of current ratio and debt-to-equity ratio. On August 2020, due to COVID-19 crisis, the bank has granted the Parent Company waiver for quarterly calculation of debt-to-equity ratio until September 2021. In July 2021, this was further deferred to 2023 (see Note 15).

In computing the debt-to-equity ratio, the 'deposits for future stock subscription' formed part of the total shareholders' equity, as the deposits are considered as future additional shareholders' interest in the Group.

Current ratio and debt-to-equity ratio of the Group are as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Total current assets	**₱ 305,384,512**	₱370,344,596
Total current liabilities	**972,390,169**	793,731,299
Current ratio	**0.31**	0.47
Total liabilities, excluding deposit for future stock subscription	**₱ 3,535,622,777**	₱3,422,276,082
Total equity	**1,913,777,835**	2,243,612,896
Debt-to-equity ratio	**1.85**	1.53

The Group's strategy is to maintain a sustainable current ratio and debt-to-equity ratio. The Parent Company also managed to defer the principal payments of its loans payable, while continuously having discussions with the non-bank creditors for extension of credit terms.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion and analysis relate to the consolidated financial position and results of operations of MJC Investments Corporation [Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino] and Subsidiary and should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements and related notes as of and for the periods ended June 30, 2021 and 2020.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the six months ended June 30, 2021 and 2020:

	For the Six months Ended			
	June 30, 2021	June 30, 2020	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱46.4	₱119.0	(72.6)	(61.0%)
Hotel	21.1	15.3	5.8	37.9%
Food and Beverage	7.2	15.6	(8.4)	(53.8%)
Bingo Operations	0.0	8.9	(8.9)	(100.0%)
Rental	3.2	8.8	(5.6)	(63.6%)
Other revenue	0.7	3.1	(2.4)	(77.4%)
	78.6	170.7	(92.1)	(54.0%)
Operating cost and expenses	(325.4)	(373.9)	48.5	(13.0%)
Operating loss	(246.8)	(203.2)	(43.6)	21.5%
Other income (expenses)				
Interest expense	(84.0)	(77.2)	(6.8)	8.8%
Interest income	0.3	0.1	0.2	200.0%
Miscellaneous income (expenses)	0.2	0.5	(0.3)	(60.0%)
	(83.5)	(76.6)	(6.9)	9.0%
Loss before income Tax	(330.3)	(279.8)	(50.5)	18.0%
Provision for income tax	(0.0)	(0.0)	-0-	0.0%
Net loss	(330.3)	(279.8)	(50.5)	18.0%
Other comprehensive income				
Actuarial Gains on retirement liability	0.5	0.5	-0-	0.0%
Total comprehensive loss	(329.8)	(279.3)	(50.5)	18.1%
Basic/diluted loss per share	(0.10)	(0.09)	(0.01)	11.1%

Comparison of Operating Results for the Six Months Ended June 30, 2021 and 2020

Revenue and Operating Costs and Expenses

Revenue includes 40% share in gaming operations, revenue from operations of hotel, food and beverages, bingo operations, rental and other revenue. Total revenue for the six months ended June 30, 2021 and 2020 amounted to ₱78.6 million and ₱170.7 million, respectively.

The significant accounts that contributed to the decrease are as follows:

- Revenue share in gaming operations decreased by ₱72.6 million or 61% from ₱119 million in 2020 to ₱46.4 million in 2021. The decrease is the result of lower operating gaming tables and electronic gaming machines (slot machines) to comply with social distancing policy. Last January 1 to March 14, 2020 the gaming area is operating at full capacity.

  In addition, average monthly foot traffic in the property decreased from .07 million in 2020 to 0.02 million in 2021.

- Revenue from food and beverage decreased by ₱8.4 million or 53.8% from ₱15.6 million in 2020 to ₱7.2 million in 2021. The decrease is attributable reduced operations of the Group due to imposed community quarantine that resulted to cancelled events held in the hotel and reduced gaming headcount in casino leading to decline in sales of beverages availed by casino players.

- Revenue from hotel rooms increased by ₱5.8 million or 37.9% from ₱15.3 million in 2020 to ₱21.1 million in 2021. The increase is attributable to bookings from the returning overseas Filipinos and off-signers crew of shipping companies as a quarantine facility. The room occupancy rate decline from 74% in 2020 to 56% in 2021. Of the 128 rooms available on average each day, average occupied paying rooms per day is 95 rooms in 2020, which is lower than the 77 rooms in 2021. The increase hotel rooms revenue is due to higher average room rate for 2021.

- Revenue from bingo operations decreased from ₱ 8.9 million in 2020 to nil in 2021. The bingo operations have only operated until March 13, 2020 and did not resume to operate up to date.

- Revenue from rental decreased by ₱ 5.6 million or 63.6% from ₱ 8.8 million in 2020 to ₱3.2 million in 2021. The decrease is due to waiver of rent to its concessionaires in the midst of the pandemic. In addition, four rental contracts have been terminated.

- Other revenue decreased by ₱ 2.4 million or 77.4% from ₱ 3.1 million in 2020 to ₱0.7 million in 2021. This is mainly attributable to decrease in consumption of utilities by the Group’s concessionaires since only two have resumed and continued to operate since June 2020.

Total operating costs and expenses for the six months ended June 30, 2021 and 2020 amounted to ₱325.4 million and ₱373.9 million, respectively. The significant decrease in the total operating costs and expenses is due to lower depreciation, salaries and wages, gaming fees, contracted services, cost of hotel room and supplies, advertising and marketing, professional fees, banquet, entertainment, cost of food, beverage and tobacco and other operational expenses which is partially offset by the increase in taxes and licenses.

The significant accounts that contributed to the decrease are as follows:

- Depreciation and amortization decreased by ₱16.3 million or 11% from ₱142.6 million in 2020 to ₱126.3 million in 2021. This is due to several equipment becoming fully depreciated during the year and fully amortization of prepayments.

- Salaries and wages expense decreased by ₱7.8 million or 22% from ₱36.0 million in 2020 to ₱28.2 million in 2021. This is attributable to reduced worked days due to limited allowable capacity to operate for the period.

- Utilities decreased by ₱3.3 million or 10% from ₱31.9 million in 2020 to ₱28.6 million in 2021. The decrease is attributable to reduced gaming capacity, lower occupancy and decreased consumption of utilities from concessionaires since only two have reopened and continued to operate in this quarter.

- Taxes and licenses increased by ₱9.6 million or 47% from ₱20.4 million in 2020 to ₱30 million in 2021. The increase corresponds with the higher property taxes for the year.

- Repairs and maintenance expense decreased by ₱1.5 million or 7% from ₱21.9 million in 2020 to ₱20.4 million in 2021. The decrease is due to reduced usage of air-conditioned facilities and reduced preventive maintenance to generator sets since the operation limited only the allowable capacity for the first half of the year.

- Contracted services significantly decreased by ₱4.0 million or 18% from ₱22.5 million in 2020 to ₱18.5 million in 2021. This is mainly due to the decreased in contracted manpower services in the hotel and casino with reduced worked days and with limited capacity of operations for the period.

- Security services expense decreased by ₱0.7 million or 5% from ₱14.4 million in 2020 to ₱13.7 million in 2021. Hotel and casino operations resumed but with limited capacity which resulted to decrease in required number of security services.

- Advertising and marketing decreased by ₱2.7 million or 25% from ₱10.7 million in 2020 to ₱8 million in 2021. Marketing efforts to advertise the hotel were reduced since the Department of Tourism (DOT) prohibited the leisure operations of hotel. Advertisements for gaming operations of the casino have also not been allowed by PAGCOR.

- Food, beverage and tobacco decreased by ₱3.1 million or 35% from ₱8.9 million in 2020 to ₱5.8 million in 2021. This is attributable to the decrease in number of guests and players for its hotel and casino since concerts, banquets and other hotel events have been cancelled throughout the quarter. The consumption of tobacco also decreased due to smoking prohibition inside the venue of casino.

- Hotel room and supplies decreased by ₱2.8 million or 41% from ₱6.9 million in 2020 to ₱4.1 million in 2021. The hotel ceased to accept leisure bookings as imposed by the DOT, due to that, the hotel currently serves as a quarantine facility for returning OFWs under the provision of OWWA. These quarantine restrictions brought significant decrease in hotel guests, resulting in proportionate declined of laundry and cleaning expenses.

- Professional fees decreased by ₱ 1.4 million or 29% from ₱ 4.8 million in 2020 to ₱3.4 million in 2021. This is mainly due to the decrease in retainer's fees, consultancy fees and accounting fees rendered to the Group during the time of COVID 19 pandemic since operations were limited to allowable capacity.

- Gaming fees decreased by ₱5.9 million or 98% from ₱6.6 million in 2020 to ₱0.1 million in 2021. The decrease is mainly due to the temporary suspension of the bingo operations last March 13, 2020 up to date.

- Banquet expenses decreased by ₱4 million or 100% from ₱4 million in 2020 to ₱nil in 2021. Banquet events have not resumed up to date due to government restrictions in gathering.

- Entertainment expenses decreased by ₱2.7 million or 100% from ₱2.7 million in 2020 to ₱nil in 2021. Performances for hotel guests and casino players were cancelled due to restrictions in large gatherings as imposed by the national government from April 2020 up to date.

- Other expenses decreased by ₱1.3 million or 3% from ₱39.6 million in 2020 to ₱38.3 million in 2021. The decrease is due to the decrease in operating and administrative related activities of the Group which resulted to decline in incurrence of miscellaneous expenses.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the three months ended June 30, 2021 and 2020:

	For the Three months Ended			
	June 30, 2021	June 30, 2020	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱9.7	₱2.1	7.6	361.9%
Hotel	14.6	0.2	14.4	7200.0%
Food and Beverage	4.5	0.04	4.5	11250.0%
Bingo Operations	0.0	0.0	0	0.0%
Rental	1.5	1.0	0.5	50.0%
Other revenue	0.2	0.4	(0.2)	(50.0%)
	30.5	3.7	26.8	724.3%
Operating cost and expenses	(161.1)	(150.8)	(10.3)	6.8%
Operating loss	(130.6)	(147.1)	16.5	(11.2%)
Other income (expenses)				
Interest expense	(42.6)	(38.0)	(4.6)	12.1%
Interest income	0.2	0.06	0.14	233.3%
Miscellaneous income (expenses)	0.03	(0.2)	0.23	(115.0%)
	(42.3)	(38.1)	(4.2)	11.0%
Loss before income Tax	(172.9)	(185.2)	12.3	(6.6%)
Provision for income tax	(0.0)	(0.01)	0.01	(100.0%)
Net loss	(172.9)	(185.2)	12.3	(6.6%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.2	0.2	0	0.0%
Total comprehensive loss	(172.7)	(185.0)	12.3	(6.6%)
Basic/diluted loss per share	(0.05)	(0.06)	0.01	(16.7%)

Comparison of Operating Results for the Three Months Ended June 30, 2021 and 2020

Revenue and Operating Costs and Expenses

Revenue includes 40% share in gaming operations, revenue from operations of hotel, food and beverages, bingo operations, rental and other revenue. Total revenue for the three months ended June 30, 2021 and 2020 amounted to ₱30.5 million and ₱3.7 million, respectively.

The significant accounts that contributed to the increase are as follows:

- Revenue share in gaming operations increased by ₱7.6 million or 361.9% from ₱2.1 million in 2020 to ₱9.7 million in 2021. The increase is the result of higher operational days for second quarter of 2021 comparing to same period last year. Number of operational days for second quarter of 2021 is 61 days comparing to 15 days same period last year.

In addition, average monthly foot traffic in the property increased from 3 thousand in 2020 to 13 thousand in 2021.

- Revenue from food and beverage increased by ₱4.5 million from ₱0.04 million in 2020 to ₱4.5 million in 2021. The increase is attributable to the increase in foot traffic due to the higher hotel guests and casino players for the period comparing to same period last year.

- Revenue from hotel rooms increased by ₱ 14.4 million from ₱ 0.2 million in 2020 to ₱14.6 million in 2021. The increase is attributable to re-opening of hotel operations to bookings from the returning overseas Filipinos and off-signers crew of shipping companies as a quarantine facility. Accordingly, the room occupancy rate increased from 0.6% in 2020 to 72% in 2021. Of the 128 rooms available on average each day, average occupied paying rooms per day is 92 rooms in 2021, which is lower than the 1 room in 2020.

- Revenue from bingo operations have only operated until March 13, 2020 and did not resume to operate up to date.

- Revenue from rental increased by ₱0.5 million or 50% from ₱1.0 million in 2020 to ₱1.5 million in 2021. The increase is due to the waiver of rent of the other two concessionaires have expired and the additional of one lease contract for the three months ended.

- Other revenue decreased by ₱ 0.2 million or 50% from ₱ 0.4 million in 2020 to ₱0.2 million in 2021. This is mainly attributable to decrease in consumption of utilities by the Group's concessionaires since only two have resumed and continued to operate since June 2020.

Total operating costs and expenses for the three months ended June 30, 2021 and 2020 amounted to ₱161.0 million and ₱150.8 million, respectively. The significant increase in the total operating costs and expenses is due to higher depreciation, salaries and wages, gaming fees, contracted services, cost of hotel room and supplies, advertising and marketing, professional fees, banquet, entertainment, cost of food, beverage and tobacco and other operational expenses which is partially offset by the increase in taxes and licenses.

The significant accounts that contributed to the increase are as follows:

- Depreciation and amortization decreased by ₱8.0 million or 11% from ₱70.1 million in 2020 to ₱62.1 million in 2021. This is due to several equipment becoming fully depreciated during the year and fully amortization of prepayments.

- Salaries and wages expense decreased by ₱0.4 million or 3% from ₱14.0 million in 2020 to ₱13.6 million in 2021. This is attributable to reduced worked days due to limited allowable capacity to operate for the three months' period ended.

- Utilities increased by ₱3.2 million or 31% from ₱10.4 million in 2020 to ₱13.6 million in 2021. The increase is attributable to higher gaming capacity and hotel occupancy rate.

- Taxes and licenses increased by ₱4.2 million or 40% from ₱10.4 million in 2020 to ₱14.6 million in 2021. The increase corresponds with the higher property taxes for the year.

- Repairs and maintenance expense increased by ₱0.4 million or 4% from ₱10 million in 2020 to ₱10.4 million in 2021. The increase is primarily due to reupholster of slot chairs during this period.

- Contracted services significantly increased by ₱5.8 million or 141% from ₱4.1 million in 2020 to ₱9.9 million in 2021. This is mainly due to additional contracted manpower services in the hotel and casino as it resumes its operation on May 01, 2021 after the temporarily suspension of casino gaming operations due to community lockdown on March 29, 2021 until April 30, 2021.

- Security services expense increased by ₱2.6 million or 52% from ₱5.0 million in 2020 to ₱7.6 million in 2021. Hotel and casino operations resumed but with limited capacity which resulted to increase in required number of security services.

- Advertising and marketing increased by ₱1 million or 28% from ₱3.6 million in 2020 to ₱4.6 million in 2021. The increase is due higher complimentary food and beverages to players as the foot traffic continues to increase for the period ended.

- Food, beverage and tobacco increased by ₱0.3 million or 30% from ₱1 million in 2020 to ₱1.3 million in 2021. This is attributable to the increase in number of guests and players as the hotel and gaming operations have resumed but with limited capacity.

- Hotel room and supplies decreased by ₱0.2 million or 11% from ₱1.8 million in 2020 to ₱1.6 million in 2021. The hotel ceased to accept leisure bookings as imposed by the DOT, due to that, the hotel currently serves as a quarantine facility for returning OFWs under the provision of OWWA. These quarantine restrictions brought significant decrease in hotel guests, resulting in proportionate declined of laundry and cleaning expenses.

- Professional fees decreased by ₱ 0.3 million or 14% from ₱ 2.2 million in 2020 to ₱1.9 million in 2021. This is mainly due to the decrease in retainer’s fees, consultancy fees and accounting fees rendered to the Group during the time of COVID 19 pandemic since operations were limited to allowable capacity.

- Gaming fees decreased by ₱0.59million or 98% from ₱0.6 million in 2020 to ₱0.01 million in 2021. The decrease is mainly due to the temporary suspension of the bingo operations last March 13, 2020 up to date.

- Other expenses increased by ₱2.4 million or 14% from ₱17.2 million in 2020 to ₱19.6 million in 2021. The increase is due to the higher operating and administrative related activities of the Group which resulted to incline in incurrence of miscellaneous expenses.

Analysis of Statements of Financial Position

	For the Period Ended June 30, 2021 (Unaudited)	For the Period Ended December 31, 2020 (Audited)	Amount Change	% Change
	Amount in Millions of Philippine peso			
Assets				
Cash and cash equivalents	₱13.2	₱21.0	(7.8)	(37.1%)
Receivables	204.5	204.1	0.4	0.2%
Inventories	17.2	20.2	(3.0)	(14.9%)
Current portion of input value added tax	16.4	10.9	5.5	50.5%
Prepayments and other current assets	54.1	114.1	(60.0)	(52.6%)
Property and equipment	3,667.7	3,766.1	(98.4)	(2.6%)
Investment Property	729.7	744.6	(14.9)	(2.0%)
Input VAT- net of current portion	446.6	440.8	5.8	1.3%
Other noncurrent asset	300.0	344.1	(44.1)	(12.8%)
Total Assets	₱5,449.4	₱5,665.9	(216.50)	(3.8%)
Liabilities				
Accounts payable and other current liabilities	₱672.6	₱607.6	65.0	10.7%
Retention payable	4.1	7.9	(3.8)	(48.1%)
Interest payable	51.6	40.2	11.4	28.4%
Advances from Stockholders	475.7	436.3	39.4	9.0%
Loans payable	2,293.1	2,292.8	0.3	0.0%
Deposit for future subscription	2,426.5	2,426.5	0.0	0.0%
Other noncurrent liabilities	38.5	37.5	1.0	2.7%
Total Liabilities	5,962.1	5,848.8	113.30	1.9%
Capital stock	3,174.4	3,174.4	0.00	0.0%
Deficit	(3,695.6)	(3,365.3)	(330.3)	9.8%
Actual gains on retirement liability	8.5	8	0.5	6.3%
Total Equity	(512.7)	(182.9)	(329.8)	180.3%
Total Liabilities and Equity	₱5,449.4	₱5,665.9	(216.50)	(3.8%)

<u>Discussion on some Significant Change in Financial Condition as of June 30, 2021 and December 31, 2020</u>

Total assets amounting to ₱5,449.4 million as of June 30, 2021 decreased by ₱216.50 million or 3.8% from ₱5,665.9 million in December 31,2020.

1. For the period ended June 30, 2021, cash and cash equivalence decreased by ₱7.8 million or 37.1%, from ₱21.0 million in 2020 to ₱13.2 million in 2021 due to the following:

    a) The negative cash flows used in operating activities amounting to ₱73 million resulted from the difference in operating loss generated amounting to ₱120 million and changes in the working capital amounting to ₱47 million. The significant decrease in operating income is due to the limited accommodation on food and beverage, and hotel operations, waiver of rental receivables, reduced table games and slot machine operation and suspension of banquet events.

    b) Net cash flows from investing activities amounting to ₱31.1 million is due to the acquisition of building improvements, machineries and non-gaming equipment amounting to ₱12.5 million during the year and the decrease in other noncurrent asset amounting to ₱43.6 million.

    c) Net cash flows used in financing activities amounted to ₱33.8 million for the current year. The Group made payment amounting to ₱72.3 million for interest and other financing charges. On the other hand, the Group received proceeds from advances to stockholders amounting to ₱39.4 million and decrease of restricted cash amounting to ₱66.7 million to pay for its maturing interest on loan.

2. The receivable increased by ₱0.4 million or 0.2% from ₱204.1 million in 2020 to ₱204.5 million in 2021. The increase is due to receivable arising from the finance lease additional gaming equipment and the quarantine in house guests from corporate accounts.

3. The decrease in inventories of ₱3 million or 15% from ₱20.2 million in 2020 to ₱17.2 million in 2021 is mainly due to reduced hotel and casino operations. The demand for food and beverages declined in relation to its limited capacity to operate when it resumed it operations in June 2020 up to date. The decline in purchases have increased for the period due to lighter restrictions. Also, the Group did not acquired new playing cards and consumed ₱2 million from its available sets.

4. The increase in input VAT amounting to ₱5.8 million is the result of the current period services rendered to the Company.

5. Prepayments and other current assets decreased by ₱60.0 million or 52.6% from ₱114.2 million in 2020 to ₱54.1 million in 2021. The significant decrease is mainly due to payments of loan interest from its debt service reserve account amounting to ₱66.7 million.

6. The decrease in other noncurrent assets of ₱44.1 million or 12.8% from ₱344.1 million in 2020 to ₱300.0 million in 2021 is mainly due to reclassification of lease receivable to current asset due to amortization.

7. The accounts payable and other current liabilities increased by ₱65.0 million or 10.7% from ₱607.6 million in 2020 to ₱672.6 million in 2021. The Group’s accruals have significantly increased due to accrual of real property taxes, software maintenance, advertising, service fees and other unpaid billings from various contractor and suppliers.

8. Interest payable increased by ₱11.4 million or 28.4% from ₱40.2 million in 2020 to ₱51.6 million in 2021. The increase is due to the unpaid monthly interest on its outstanding loans payable in 2020.

9. The increase in current portion of loans payable by ₱106.1 million or 76.8% from ₱138.0 million in 2020 to ₱244.1 million in 2021 is attributable to the Group's non payment of loan principal. In light of COVID 19 outbreak, the Group was granted the deferrment of the quarterly principal payments until July 27, 2021 as well as its quarterly interest payment to monthly interest payment from June 2020 to February 2021.

10. Advances from stockholders increased by ₱39.4 million or 9% from ₱436.3 million in 2020 to ₱475.7 million in 2021 due to new loan agreements entered by the Parent Company with its stockholders. The proceeds of these loans were used to pay the maturing loan obligation and to support its working capital requirements.

Key Performance Indicators

The following are the comparative key performance indicators of the Corporation and the manner of its computation for the three months and six months ended June 30, 2021 and 2020:

Indicators	**Manner of Computation**	**For the three months ended June 30**		**For the six months ended June 30**	
		2021	**2020**	**2021**	**2020**
Current ratio	Current Assets / Current Liabilities	**0.31:1**	**0.69:1**	**0.31:1**	**0.69:1**
Debt-to-Equity Ratio	Total Liabilities / Total Equities	**1.85:1**	**1.32:1**	**1.85:1**	**1.32:1**
Asset Liability Ratio	Total Assets / Total Liabilities	**0.91:1**	**1.02:1**	**0.91:1**	**1.02:1**
Return on Assets	Net Income (Loss) / Total Assets	**(3%)**	**(3%)**	**(6%)**	**(5%)**
Basic Earnings (losses per share)	Net Income (Loss) / Outstanding Common Shares	**(₱0.05)**	**(₱0.06)**	**(₱0.10)**	**(₱0.09)**

Plans of Operation

The Winford Manila Resorts and Casino (WMRC), the newest integrated resort at the heart of San Lazaro Tourism and Business Park in the Philippine capital's historic Chinese quarter. Built at ₱8.0 billion, WMRC is a world-class hospitality and entertainment hotel which serves as an oasis filled with leisure and luxury alternatives for everyone to enjoy from its 126 all-suites rooms, an expensive podium to house high-end restaurants, 900 parking slots, fully-equipped fitness center, wellness spa, business facilities to over 9,000 square meters of internationally designed themed indoor gaming and entertainment facility.

The Group has been rapidly increasing its gaming operation with additional gaming floor area opened last April 2018. The expansion added more gaming tables and slot machines to accommodate the drastic increase of its patrons. On December 31, 2020, due to the effects of quarantine restrictions, the Group reduced its operational gaming tables from 30 in 2019 to 22 gaming tables in 2020 and its operational slot machines from 521 in 2019 to 273 slot machines in 2020. Furthermore, operating hours were also reduced.

Due to social distancing, ground floor casino is renovated to expand gaming area to accommodate additional slot machines and electronic table games so that more are operating at a time. The Group plans to steadily increase its operational table games to 30-35 and operational slot machines to 500-600 by the end of next year. The Group assumes that for the following years, they will be allowed to operate atleast 70% capacity with 24 hours of operation.

For its hotel operations, currently the Group is operating as a quarantine facility to accommodate bookings from OWWA and off-signers crew of shipping companies. While the permit to operate for leisure booking is still pending for approval from Department of Tourism (DOT), the Company is applying for hotel accreditation on “Multi-Use Property”, wherein even if the Group operates as a quarantine facility, they can still operate their ballroom and other function halls for other events like weddings and gatherings, with adherence to social distancing protocols. Marketing and public relations (PR) highlights include quarterly car raffle, a monthly appliance and cash raffle, slot machine tournaments, and more Earn & Redeem promotions. Rental income will be supplemented by the continuation of online sports betting.

The Group entered into an agreement with its suppliers and with a local bank to defer its maturing liabilities with them in order to utilize its cash flows more effectively. In addition, a local bank provided the Group with a credit line facility to ensure that the Group has adequate funds for its working capital needs and to meet its maturing obligations.

Annex ''D''

Minutes of the 2020 Annual Meeting of the Stockholders

FOR APPROVAL OF THE STOCKHOLDERS
ON THE 2021 ANNUAL STOCKHOLDERS' MEETING

MINUTES OF THE 2020 ANNUAL MEETING OF THE STOCKHOLDERS

MJC INVESTMENTS CORPORATION

Held via Remote Communication at
http://mjcinvestmentscorp.com/ASM2020.php

on December 4, 2020 at 9:00 A.M.

Total No. of Issued and Outstanding Shares entitled to vote as of Record Date	**3,174,405,821**
Total No. of Shares of Stockholders Participating by Remote Communication	26,560,433
Total No. of Shares of Stockholders Present By Proxy	3,086,159,163
Total No. of Shares Present	**3,112,719,596**
Percentage of Shares of Stockholders Present	**98.06%**

STOCKHOLDERS PRESENT

Manila Jockey Club, Inc.
HK Strategic Investors
Grand Stallion Hotels & Amusement Inc.
Grand Prosperity Hotels & Leisure Corp.
Palos Verdes Realty Corp.
Arco Equities Inc.
Arco Management and Development Corp.
Aries Prime Global Holdings Inc.

DIRECTORS AND OFFICERS PRESENT

Alfonso R. Reyno, Jr.	*Chairman of the Board*
Jeffrey Rodrigo L. Evora	*Director, President and Chief Operating Officer*
Alfonso Victorio G. Reyno III	*Director and Vice President*
Jose Alvaro D. Rubio	*Director, Treasurer and Chief Finance Officer*
John Anthony B. Espiritu	*Director*
Gabriel A. Dee	*Director and Assistant Corporate Secretary*
Walter L. Mactal	*Director*
Dennis Ryan C. Uy	*Director*
Victor P. Lazatin	*Independent Director*
Adan T. Delamide	*Independent Director*
Ferdinand A. Domingo	*Corporate Secretary and General Counsel*
Lemuel M. Santos	*Corporate Information & Compliance Officer*

ALSO PRESENT:

Joemar Onnagan	*Director for Finance and Administration*
Darwin Cusi	*Director for Gaming Compliance and Operations*
Ryan Khimpy G. Rabe	*Director for Hotel Operations*
Tayfun Bayan	*Director for Gaming Operations and Marketing*
Jose Maria Ledesma III	*Director for Corporate Communications*
Col. Aniceto D. Vicente, Pa (Ret)	*Director for Safety And Security*
Rose Mia Glyza Templo Lectura	*Gaming Marketing Manager*
Cheryl P. Cruz	*Human Resources Manager*
Louis C. Rimorin	*Safety and Security Manager*
Armando Reyes	*Information Technology Manager*
Sycip Gorres Velayo & Co.	*External Auditor*

I. CALL TO ORDER

The Chairman of the Board, Atty. Alfonso R. Reyno, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Atty. Ferdinand A. Domingo, recorded the minutes of the proceedings. The Chairman acknowledged the presence of the members of the Board of Directors.

II. CERTIFICATION OF NOTICE AND OF QUORUM

The Corporate Secretary certified that: (i) on 12 November 2020, the Notice and Agenda, together with the Definitive Information Statement, which also contains the *Procedures For Participating by Remote Communication and For Voting in Absentia or By Proxy for the Annual Stockholders' Meeting (the "**Procedures**")*, were made available to all stockholders of record as of 30 October 2020, the date fixed by the Board of Directors for the determination of stockholders entitled to notice of, and to vote at the meeting, through posting on PSE EDGE and the Company's website., and (ii) the Notice and Agenda were published on November 12 and 13, 2020 in the business section of the Manila Times and Daily Tribune, in both the print and online formats, in accordance with SEC Notice dated 20 April 2020 on *Alternative Mode for Distributing and Providing Copies of the Notice of Meeting, Information Statement, and Other Documents in Connection with the Holding of Annual Stockholders' Meeting for 2020*.

The Corporate Secretary certified that there was a quorum to transact the business specified in the agenda, there being represented, in person or by proxy, stockholders owning **3,112,719,596** shares, representing **98.06%** of the total issued and outstanding capital stock of the Company.

**FOR APPROVAL OF THE STOCKHOLDERS
ON THE 2021 ANNUAL STOCKHOLDERS' MEETING**

Rules of Conduct and Voting Procedures

Upon the Chairman's request, the Corporate Secretary explained the rules of conduct and voting procedures for the meeting.

The Corporate Secretary reported that the Procedures and *Rationale of Agenda Items,* both of which form part of the Definitive Information Statement, were made available to the stockholders prior to the scheduled meeting.

The Corporate Secretary explained that, under the Procedures:

(1) Stockholders who have successfully registered may cast their votes on each Agenda item through Ballots or Proxies which can be downloaded from the Company's website.
(2) All Ballots or Proxies shall be submitted via email to the Corporate Secretary no later than 24 November 2020, the last day of receiving the Ballots and Proxies.
(3) Votes received as of 24 November 2020 have been tabulated by the Corporate Secretary.
(4) The stockholders may send their questions related to the Agenda by email to the Corporate Secretary no later than the schedule of the 2020 ASM. The Company will endeavor to answer the questions during the Annual Meeting. For questions received but not entertained during the Annual Meeting due to time constraints, the Company will endeavor to answer said questions via email at a later time.

III. APPROVAL OF THE MINUTES OF THE 2019 ANNUAL STOCKHOLDERS' MEETING

The Chairman then proceeded with the next item in the agenda which is the approval of the Minutes of the Annual Stockholders' Meeting held on June 27, 2019.

The Corporate Secretary reported that a copy of the Minutes of the 2019 Annual Stockholders' Meeting (the "**2019 ASM Minutes**") was attached to the Definitive Information Statement made available to the stockholders prior to the scheduled meeting, through PSE EDGE and the Company's website.

The Corporate Secretary reported that stockholders owning **3,112,719,596** shares or 100% of the total number of shares represented in the meeting, voted for the approval of the 2019 ASM Minutes.

Upon motion duly made and seconded, the 2019 ASM Minutes was unanimously approved by the stockholders.

The Corporate Secretary then presented the Stockholders' Resolution No. 2020-01 on the approval of the 2019 ASM Minutes:

Stockholders' Resolution No. 2020-01

"**RESOLVED**, that the stockholders of **MJC Investments Corporation** (the "**Company**") approve, as they hereby approve, the Minutes of the Company's Annual Stockholders' Meeting held on June 27, 2019."

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2020-01 are as follows:

Vote	Number of Votes	Percentage of Shares Represented
For	3,112,719,596	100%
Against	0	-
Abstain	0	-
TOTAL	**3,112,719,596**	**100%**

IV. REPORT OF THE PRESIDENT

The Chairman then proceeded with the next item in the agenda which is the Report of the President and Chief Operating Officer.

The President and Chief Operating Officer, Mr. Jeffrey Rodrigo L. Evora, presented the report on the operations of the Company for the year ended 31 December 2019 (the "**President's Report**").

Below are the highlights of the President's Report:

(1) Company's response to the COVID-19 Pandemic
(2) 2019 Financial Performance
(3) 2019 Highlights
(4) 2020 and Beyond

Upon motion made and duly seconded, the stockholders noted and approved the President's Report.

V. APPROVAL OF THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

The Chairman then proceeded with the next item in the agenda which was the approval of the Company's Annual Report and Audited Financial Statements for the period ended 31 December 2019.

The Corporate Secretary reported that a copy of the Annual Report and Audited Financial Statements for the period ended 31 December 2019 was attached to the Definitive Information Statement made available to the stockholders prior to the scheduled meeting, through PSE EDGE and the Company's website.

The Corporate Secretary reported that stockholders owning **3,112,719,596** shares or 100% of the total number of shares represented in the meeting, voted for the approval of the Annual Report and Audited Financial Statements for the period ended 31 December 2019.

Upon motion duly made and seconded, the Annual Report and Audited Financial Statements for the period ended 31 December 2019 was unanimously approved by the stockholders.

The Corporate Secretary then presented the Stockholders' Resolution No. 2020-02 on the approval of the Annual Report and Audited Financial Statements for the period ended 31 December 2019:

Stockholders' Resolution No. 2020-02

"**RESOLVED**, that the stockholders of **MJC Investments Corporation** (the "**Company**") approve, as they hereby approve, the Company's Annual Report and Audited Financial Statements for the period ended 31 December 2019."

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2020-02 are as follows:

Vote	Number of Votes	Percentage of Shares Represented
For	3,112,719,596	100%
Against	0	-
Abstain	0	-
TOTAL	**3,112,719,596**	**100%**

VI. APPROVAL AND RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MANAGEMENT

The Chairman then proceeded with the next item in the agenda which was the approval and ratification of all acts, investments, proceedings and resolutions of the Board of Directors, Board Committees and Management from the last Annual Stockholders' Meeting.

The Corporate Secretary reported that, as stated in the Definitive Information Statement, the matters for stockholders' approval and ratification are acts of the Board, the Board Committees, officers and management from the previous stockholders' meeting up to the date of the Annual Meeting which were entered into or made in the ordinary course of business and other matters duly disclosed to the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (SEC), which includes (1) the loan agreement with BDO Unibank in the amount of Php 2.355 Billion to refinance the outstanding loan balance to Unionbank of the Phils., to fund the debt service and financing related expenses for general corporate purposes, and (2) the mortgage of the land and improvements covered by TCT No. 002-2012004168.

The Corporate Secretary reported that stockholders owning **3,112,719,596** shares or 100% of the total number of shares represented in the meeting, voted for the approval and ratification of all acts, investments, proceedings and resolutions of the Board of Directors, Board Committees and Management from the last Annual Stockholders' Meeting, which includes (1) the loan agreement with BDO Unibank in the amount of Php 2.355 Billion to refinance the outstanding loan balance to Unionbank of the Phils., to fund the debt service and financing related expenses for general corporate purposes, and (2) the mortgage of the land and improvements covered by TCT No. 002-2012004168.

Upon motion duly made and seconded, all acts, investments, proceedings and resolutions of the Board of Directors, Board Committees and Management from the last Annual Stockholders' Meeting.

The Corporate Secretary then presented the Stockholders' Resolution No. 2020-03 on the approval and ratification of all acts, investments, proceedings and resolutions of the Board of Directors, Board Committees and Management from the last Annual Stockholders' Meeting:

Stockholders' Resolution No. 2020-03

"**RESOLVED**, that the stockholders of **MJC Investments Corporation** (the "**Company**") approve and ratify, as they hereby approve and ratify, all acts, investments, proceedings and resolutions of the Board of Directors, Board Committees and Management from the last Annual Stockholders' Meeting held on June 27, 2019, which includes (1) the loan agreement with BDO Unibank in the amount of Php 2.355 Billion to refinance the outstanding loan balance to Unionbank of the Phils., to fund the debt service and financing related expenses for general corporate purposes, and (2) the mortgage of the land and improvements covered by TCT No. 002-2012004168."

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2020-03 are as follows:

Vote	Number of Votes	Percentage of Shares Represented
For	3,112,719,596	100%
Against	0	-

Vote	Number of Votes	Percentage of Shares Represented
Abstain	0	-
TOTAL	**3,112,719,596**	**100%**

VII. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Chairman then proceeded with the next item in the agenda which was the election of the Board of Directors for the year 2020-2021.

The Corporate Secretary stated the Company's procedures for election of members of the Board of Directors. Under said procedures, there will be two rounds of voting. The first round shall be the election of nine (9) regular directors and the second round shall be the election of the independent directors.

Election of Regular Directors

The Chairman requested the Corporate Secretary to read the names of the persons who have been duly nominated and qualified as regular directors of the Company for year 2020-2021.

The Corporate Secretary then proceeded to read the names of the following individuals who were nominated in accordance with the provisions of the By-Laws:

Alfonso R. Reyno, Jr.
Chai Seo Meng
Jeffrey Rodrigo L. Evora
Alfonso Victorio G. Reyno III
Jose Alvaro D. Rubio
John Anthony B. Espiritu
Gabriel A. Dee
Walter L. Mactal
Dennis Ryan C. Uy

The Chairman then requested the Corporate Secretary to report on the results of the voting for the election of the regular directors. The Corporate Secretary reported and certified that each of the nominees received the required number of votes for the election to the Board.

Upon motion to declare all the nine (9) nominees elected as regular directors for the ensuing year duly made and seconded, the stockholders unanimously approved the motion, and the Chairman declared that all nine (9) nominees were duly elected as regular directors of the Company for year 2020-2021.

FOR APPROVAL OF THE STOCKHOLDERS
ON THE 2021 ANNUAL STOCKHOLDERS' MEETING

Election of Independent Directors

After the election of the regular directors, the Chairman proceeded to the election of the Independent Directors.

The Chairman requested the Corporate Secretary to read the names of the persons who have been duly nominated and qualified as Independent Directors of the Company for year 2020-2021.

The Corporate Secretary then proceeded to read the names of the following individuals who were nominated in accordance with the provisions of the By-Laws:

Victor P. Lazatin
Adan T. Delamide

The Chairman then requested the Corporate Secretary to report on the results of the voting for the election of the Independent Directors. The Corporate Secretary reported and certified that each of the nominees received the required number of votes for the election to the Board.

Upon motion to declare the two (2) nominees elected as Independent Directors for the ensuing year duly made and seconded, the stockholders unanimously approved the motion, and the Chairman declared that the two (2) nominees were duly elected as Independent Directors of the Company for year 2020-2021, who shall act as such until their successors shall have been duly elected and qualified.

The Corporate Secretary then presented the Stockholders' Resolution No. 2020-04 on the election of the Board of Directors:

Stockholders' Resolution No. 2020-04

"**RESOLVED**, that the stockholders **MJC Investments Corporation** (the "**Company**") elect, as they hereby elect, the following as members of the Board of Directors of the Company for the year 2020-2021:

Alfonso R. Reyno, Jr.
Chai Seo Meng
Jeffrey Rodrigo L. Evora
Alfonso Victorio G. Reyno III
Jose Alvaro D. Rubio
John Anthony B. Espiritu
Gabriel A. Dee
Walter L. Mactal
Victor P. Lazatin (Independent Director)
Adan T. Delamide (Independent Director)

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman then proceeded with the next item in the agenda which was the appointment of the Company's external auditor for the year 2020.

The Corporate Secretary reported that, as indicated in the Definitive Information Statement, SyCip, Gorres, Velayo & Co. ("**SGV**") has been recommended for re-appointment as the external auditor of the Company for year 2020.

The Corporate Secretary reported that stockholders owning **3,112,719,596** shares or 100% of the total number of shares represented in the meeting, voted for the appointment of SGV as external auditor of the Company for year 2020.

Upon motion duly made and seconded, the appointment of SGV external auditor of the Company for year 2020 was unanimously approved by the stockholders.

The Corporate Secretary then presented the Stockholders' Resolution No. 2020-05 on the appointment of SGV external auditor of the Company for year 2020:

Stockholders' Resolution No. 2020-05

> "**RESOLVED**, that the stockholders of **MJC Investments Corporation** (the "**Company**") approve, as they hereby approve, the appointment of SyCip, Gorres, Velayo & Co. as external auditor of the Company for year 2020."

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2020-05 are as follows:

Vote	Number of Votes	Percentage of Shares Represented
For	3,112,719,596	100%
Against	0	-
Abstain	0	-
TOTAL	**3,112,719,596**	**100%**

IX. OTHER MATTERS

The Chairman asked the stockholders if there were any matters which they would like to take up at the meeting. There were no other matters the stockholders would like to take up.

FOR APPROVAL OF THE STOCKHOLDERS
ON THE 2021 ANNUAL STOCKHOLDERS' MEETING

X. ADJOURNMENT

Upon confirmation by the Corporate Secretary that there were no other items in Agenda for the consideration of the stockholders, and upon motion duly made and seconded, the Chairman adjourned the meeting and informed the stockholders that the Minutes of the meeting will be posted on the Company's website within five (5) days.

FERDINAND A. DOMINGO
Corporate Secretary

ATTESTED:

ALFONSO R. REYNO, JR.
Chairman of the Board

Annex ''E''

Secretary's Certificate on the Board Resolution authorizing the conduct of the 2021 Annual Stockholders' Meeting via Remote Communication

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SECRETARY'S CERTIFICATE

I, **FERDINAND A. DOMINGO,** of legal age, Filipino, and with office address at 12th Floor, Strata 100 Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City, after having been sworn in accordance with law, hereby certify that:

1. I am the duly elected and incumbent Corporate Secretary of **MJC INVESTMENTS CORPORATION ("Corporation")**, a corporation duly organized and existing under Philippine laws, with principal office address at Winford Hotel and Casino MJC Drive, Sta. Cruz, Manila.

2. On **September 06, 2021,** the Board of Directors of the Corporation passed and approved the following resolutions:

> "**RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation hereby authorizes and approves the setting of the 2021 Annual Stockholders' Meeting ("**2021 ASM**") on **November 12, 2021 (Friday)** at 9:00 A.M.;
>
> "**RESOLVED, FURTHER,** that the Corporation hereby approves **September 30, 2021 (Thursday)** as the Record Date for determining the shareholders entitled to notice of and to vote at the 2021 ASM;
>
> "**RESOLVED, FURTHER,** that the Corporation hereby authorizes and approves (i) the conduct of the 2021 ASM via remote communication; (ii) the participation by the stockholders in the 2021 ASM via remote communication; and (iii) voting in the 2021 ASM by the stockholders *in absentia* or by ballot/proxy;
>
> "**RESOLVED, FURTHER,** that the Corporation hereby delegates to Management the approval of the internal procedures for the 2021 ASM via remote communication and voting *in absentia* or by ballot/proxy;
>
> "**RESOLVED, FINALLY,** that the Corporation hereby delegates to the Corporate Secretary the authority to finalize the Agenda and other matters relevant to the 2021 ASM."

3. The foregoing resolutions have not been amended nor rescinded, are still in force and effect, and are in accordance with the records of the Corporation.

IN WITNESS WHEREOF, this Certification is signed this SEP 0 6 2021 at Pasig City.

Ferdinand A. Domingo

FERDINAND A. DOMINGO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this SEP 0 6 2021, in Pasig City, affiant exhibiting to me his TIN 145-006-236.

Doc. No. 121 ;
Page No. 26 ;
Book No. IX ;
Series of 2021.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 88 (2020-2021)
DECEMBER 31, 2021
PTR NO. 6440484/1-7-2020/PASIG
IBP NO. 105410/1-7-2020/MAKATI
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY NO. 57018

Annex ''F''

Procedures for participating via remote communication, and for voting in absentia or by proxy

PROCEDURES FOR PARTICIPATING VIA REMOTE COMMUNICATION, AND FOR VOTING IN ABSENTIA OR BY PROXY

The 2021 Annual Stockholders' Meeting ("**2021 ASM**") of **MJC INVESTMENTS CORPORATION (Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino)** (the "**Company**") will be conducted virtually through http://mjcinvestmentscorp.com/ASM2021.php on **November 12, 2021** at **9:00 a.m**.

Given the COVID-19 situation, stockholders of record as of **September 30, 2021** may only participate via remote communication, and vote *in absentia* or by proxy.

A. Registration Procedure

A stockholder who intends to participate via remote communication, or to vote *in absentia* or by proxy, must submit the following documentary requirements to the Company via email at **asm2021@winfordmanila.com** no later than **October 25, 2021**.

- *Certificated Stockholders (Individual)*

1. Stockholder's valid government-issued ID (e.g., Passport, Driver's License) showing photo, signature and personal details, preferably with residential address;
2. A valid and active e-mail address and contact number of the Individual Stockholder;
3. Stock Certificate Number/s; and
4. If appointing a proxy, duly accomplished and signed Proxy Form.

- *Certificated Stockholders (Corporate)*

1. Notarized Secretary's Certificate on the resolution attesting to the authority of the representative to vote for, and on behalf of the corporate stockholder;
2. Authorized Representative's valid government-issued ID (e.g., Passport, Driver's License), showing photo, signature and personal details, preferably with residential address;
3. A valid and active e-mail address and contact number of the Authorized Representative;
4. Stock Certificate Number/s; and
5. If appointing a proxy, duly accomplished and signed Proxy Form.

- *Stockholders with Shares PCD Participant/Broker Account*

1. Broker's Certification on the number of shares owned by the Stockholder;
2. Stockholder's valid government-issued ID (e.g., Passport, Driver's License), showing photo, signature and personal details, preferably with residential address;
3. A valid and active e-mail address and contact number of the Stockholder;
4. If appointing a proxy, duly accomplished and signed Proxy Form.

All documents submitted shall be subject to the verification and validation of the Company. Stockholders who have successfully registered shall receive an email providing the link and log-in credentials to access the meeting room for the 2021 ASM.

Only stockholders who have notified the Company of their intention to participate, and vote in the 2021 ASM by remote communication, and have been validated to be stockholders of record of the Company will be considered in computing stockholder attendance in the ASM.

B. Voting Procedure

Stockholders who have successfully registered may cast their votes on each Agenda item through Ballots or Proxies.

The Ballot/Proxy can be downloaded at **http://mjcinvestmentscorp.com/ASM2021.php.**

All Ballots or Proxies shall be submitted via email at **asm2021@winfordmanila.com** no later than **November 02, 2021.**

Below are the voting instructions.

1. ***For each Agenda item other than the Election of Directors***, the stockholder or proxy has the option to vote: "For", "Against", or "Abstain".

2. **For the Election of Directors**, the stockholder or proxy has the option to: (i) vote for all nominees, (ii) withhold vote for any of the nominees, or (iii) vote for certain nominees only. A stockholder may (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares owned, or (c) distribute them on the same principle among as many candidates as may be seen fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected.

The Corporate Secretary will count and tabulate the votes cast by Ballot or Proxy.

C. ASM Participation via Remote Communication

Stockholders who have successfully registered can participate in the 2021 ASM via remote communication. Stockholders who have successfully registered shall receive an email providing the and log-in credentials to access the meeting room for the 2021 ASM.

Stockholders may send their questions related to the agenda by email to **asm2021@winfordmanila.com** no later than the schedule of the 2021 ASM. The Company will endeavor to answer the questions during the Annual Meeting. For questions received but not entertained during the Annual Meeting due to time constraints, the Company will endeavor to answer said questions via email at a later time.

The proceedings of the 2021 ASM shall be recorded in audio and video format.

Annex ''G''

Certifications of Independent Director

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ADAN T. DELAMIDE**, of legal age, Filipino, and a resident of 2303 Tower 1, The Entrata Urban Complex, Civic Drive, Filinvest Corporate City, Alabang, Muntinlupa, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of MJC INVESTMENTS CORPORATION ("**MIC**") and have been its independent director since 2020.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company	Position/Relationship	Period of Service
Elite Sales Force International, Inc.	Director	2017 – present
Mindteck Solutions Philippines, Inc.	Director/Corporate Secretary	2016 – present
Feilo Sylvania Philippines, Inc.	Corporate Secretary	2017 – present
Oculus Digital Info Tech Corporation	Director	2018 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of MJC INVESTMENTS CORPORATION as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of MJC INVESTMENTS CORPORATION of any changes in the abovementioned within five (5) days from its occurrence.

IN WITNESS WHEREOF, this Certification is signed this SEP 17 2021 in Pasig City, Metro Manila.

ADAN T. DELAMIDE
Affiant

SUBSCRIBED AND SWORN to before me this day of SEP 17 2021 at Pasig City, affiant personally appeared before me and exhibited to me his Tax Identification No. 910-764-029.

Doc. No. 135;
Page No. 28;
Book No. IX;
Series of 2021.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 88 (2020-2021)
DECEMBER 31, 2021
PTR NO. 6440484/1-7-2020/PASIG
IBP NO. 105410/1-7-2020/MAKATI
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY NO. 57018

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **VICTOR P. LAZATIN**, of legal age, Filipino, and a resident of No. 237 West Batangas Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of MJC INVESTMENTS CORPORATION ("**MIC**") and have been its Independent Director since 2009.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company	Position/Relationship	Period of Service
Timog Silangan Development Corp.	Chairman	1978 – present
Trillan Services, Inc.	Chairman	2009 – present
Davinelle Provident Lands, Inc.	Chairman	1986 – present
Anvidan Realty Inc.	Chairman	2015 – present
ACCRA Investment Corp.	Director	2007 – present
WWW Express Corporation	Director/Corporate Secretary	2003 – present
Kenram Industrial Development, Inc.	Director	2009 – present
Kenram Palmoil Plantations, Inc.	Chairman/Director	2019 – present
SPC Power Corporation	Corporate Secretary	2020 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of MJC Investments Corporation as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of MJC Investments Corporation of any changes in the abovementioned within five (5) days from its occurrence.

IN WITNESS WHEREOF, this Certification is signed this SEP 17 2021 in Pasig City, Metro Manila.

VICTOR P. LAZATIN
Affiant

SUBSCRIBED AND SWORN to before me this day of SEP 17 2021 at Pasig City, affiant personally appeared before me and exhibited to me his Tax Identification No. 125-673-098.

Doc. No. 154;
Page No. 28;
Book No. IX;
Series of 2021.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 88 (2020-2021)
DECEMBER 31, 2021
PTR NO. 6440484/1-7-2020/PASIG
IBP NO. 105410/1-7-2020/MAKATI
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY NO. 57018

Annex ''H''

Certification

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SECRETARY'S CERTIFICATE

I, **FERDINAND A. DOMINGO**, of legal age, Filipino, and with office address at 12th Floor, Strata 100 Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City, after having been sworn in accordance with law, hereby certify that:

1. I am the duly elected and incumbent Corporate Secretary of **MJC INVESTMENTS CORPORATION (Doing Business Under the Name and Style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino)** (the "**Corporation**"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippine, with principal office address at Winford Hotel and Casino, MJC Drive, Sta. Cruz, Manila.

2. As of date of this Certification, none of the Directors and Executive Officers of the Corporation is connected with any government agencies and or its instrumentalities.

3. This Certification is issued in connection with the requirements of the Securities and Exchange Commission, in connection with the Corporation's Information Statement (SEC Form 20-IS) for year 2021.

IN WITNESS WHEREOF, this Certification is signed this SEP 17 2021 at Pasig City.

FERDINAND A. DOMINGO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this SEP 17 2021, in Pasig City, affiant exhibiting to me his TIN 145-006-236.

Doc. No. 133;
Page No. 28;
Book No. IX;
Series of 2021.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 88 (2020-2021)
DECEMBER 31, 2021
PTR NO. 6440484/1-7-2020/PASIG
IBP NO. 105410/1-7-2020/MAKATI
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY NO. 57018