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:

December 12, 2022 (Monday) at 9:00 A.M.

Due to the continuing threat of COVID-19 community transmission, 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/ASM2022.php**

For health and safety considerations, the Chairman of the Meeting will be presiding the Annual Meeting via remote communications from the principal office.

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **November 14, 2022**

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:** **December 12, 2022 (Monday)**

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

Place: Due to the continuing threat of COVID-19 community transmission, 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/ASM2022.php**

For health and safety considerations, the Chairman of the Meeting will be presiding the Annual Meeting via remote communications from the principal office.

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 **November 14, 2022** at the Company's website: **http://mjcinvestmentscorp.com/ASM2022.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 **October 10, 2022** (the "**Record Date**"), 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 **October 10, 2022** (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. 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.

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

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

As of **October 10, 2022**, 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 **October 10, 2022** 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	2,235,154,760	70.41%

As of **October 10, 2022**, 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) Security Ownership of Management

As of **October 10, 2022**, the following are the securities beneficially owned by all directors and officers of the Company:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	%
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
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	78	2009
Vice Chairman	Chai Seo Meng	Singaporean	59	2017
Director	Jeffrey Rodrigo L. Evora	Filipino	53	2018
Director	Alfonso Victorio G. Reyno III	Filipino	52	2009
Director	Jose Alvaro D. Rubio	Filipino	69	2014
Director	John Anthony B. Espiritu	Filipino	59	2012
Director	Gabriel A. Dee	Filipino	58	2013
Director	Walter L. Mactal	Filipino	39	2017
Director	Dennis Ryan C. Uy	Filipino	44	2014
Independent Director	Victor P. Lazatin	Filipino	75	2009

Position	Names	Citizenship	Age	Year First Elected
Independent Director	Adan T. Delamide	Filipino	46	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 present*).

CHAI SEO MENG, holds a degree of Bachelor of Business Administration and 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 obtained his Master of Laws (LLM) from the University of California Berkeley School of Law. 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 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 Bachelor of Science in Industrial Engineering from the Mapua Institute of Technology, and a Master of Business administration degree from the Ateneo de Manila University. He spent the first 9 years of his career in the areas of quota setting and review, systems improvement and automation, capacity and investment planning, asset management, and cost engineering. The next 14 years were in procurement and logistics most of which are heavily focused on category management, strategic and open market sourcing, contracts and vendor management 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); *Corporate Secretary*, Solar Tanauan Corporation (2022-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); and *Director*, Occulus Digital Info Tech Corporation (2018-present).

Nomination of Directors for 2022-2023

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 "H"**.

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 2022, 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 2021 – 2022.

Director	Percentage of Meetings* Attended
Alfonso R. Reyno, Jr.	50%
Chai Seo Meng	50%
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	50%
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	78
Vice Chairman	Chai Seo Meng	Singaporean	59
President & Chief Operating Officer	Jeffrey Rodrigo L. Evora	Filipino	53
Vice President	Alfonso Victorio G. Reyno III	Filipino	52
Treasurer & Chief Finance Officer	Jose Alvaro D. Rubio	Filipino	69
Corporate Secretary & General Counsel	Ferdinand A. Domingo	Filipino	70
Asst. Corporate Secretary	Gabriel A. Dee	Filipino	58
Corporate Information and Compliance Officer	Lemuel M. Santos	Filipino	71

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) 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.

(d) Significant Employees

The following are the employees of the Company not included in the list of Executive Officers who are expected to make significant contributions to the business of the Company and their business experience during the past five (5) years.

Position	Name	Citizenship	Age
Director for Gaming Compliance and Operations	Darwin L. Cusi	Filipino	48
Director for Facilities Management	Allan S. Abesamis	Filipino	51
Director for Finance and Administration	Joemar L. Onnagan	Filipino	38
Director for Safety and Security	Aniceto Vicente	Filipino	61
Director for Corporate Communications	Jose Maria C. Ledesma III	Filipino	49

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.

(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

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. Outstanding balances are generally settled through cash.

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	₱-	₱-	₱-	(₱321,233,646)	(₱321,233,646)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances (a)	-	-	(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)	-	-	(41,389)	418,347	418,347	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed

Various Shareholders								
Deposit for future stock subscription	-	-	-	(2,105,268,102)	(2,105,268,102)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances from stockholders (c)	186,872,243	166,904,808	102,704,215	(800,062,278)	(613,190,035)	Advances from stockholders	Interest-bearing and Non-interest bearing	Unsecured, unguaranteed
Interest payable on advances from stockholders (c)	22,604,444	18,390,553	13,534,528	(56,153,136)	(33,548,692)	Interest payable	Non-interest bearing	Unsecured, unguaranteed
Affiliate								
Manila Cockers Club, Inc. (MCI) Commission from the off-track betting (d), (e)	-	-	-	-	-	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	418,347	Receivable		
				800,062,278	613,190,035	Advances from stockholders		
				43,884,672	33,548,692	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.

For the discussion on related party transactions, please see discussion from 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 "I"**.

(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 (2) 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	2022	11,913	-	-
Executive Officers:	2021	5,580	-	-
. CEO- Alfonso R. Reyno, Jr.				
.Vice President - Alfonso Victorio G. Reyno III	2020	8,466	-	-
. Corporate Secretary- Ferdinand A. Domingo				
. Corporate Information and Compliance Officer - Lemuel M. Santos				
All other Executive Officers and Directors as a group unnamed	2022	8,454	-	-
	2021	11,323	-	-
	2020	18,059	-	-

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 ₱976,000.00, ₱867,000.00, and ₱675,000.00 in 2021, 2020 and 2019 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 2021 – 2022:

Director	Total Per Diem for year 2021 – 2022
Alfonso R. Reyno, Jr.	90,000.00
Chai Seo Meng	0.00
Jeffrey Rodrigo L. Evora	91,000.00
Alfonso Victorio G. Reyno III	65,000.00
Jose Alvaro D. Rubio	65,000.00
John Anthony B. Espiritu	104,000.00
Gabriel A. Dee	65,000.00
Walter L. Mactal	104,000.00
Dennis Ryan C. Uy	65,000.00
Victor P. Lazatin	104,000.00
Adan T. Delamide	119,000.00

Item 7. Independent Public Accountants

For year 2022, the accounting firm of Sycip Gorres Velayo & Co. (SGV), with Ms. Gaile A. Macapinlac as partner-in-charge is being recommended by the Audit Committee for re-appointment by the stockholders during the Annual Meeting. SGV has accepted the Company's invitation to stand for re-appointment this year. 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. The Company engaged the following for the examination of the Company's financial statements: Ms. Adeline D. Lumbres, for the years 2017-2019, and Mr. Jaime F. Del Rosario for year 2020.

External Audit Fees

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 2021 and ₱1,232,000.00 for year 2020. 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 2021 and 2020. The Company did not engage SGV for tax and other services in 2021 and 2020.

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, 2021 and interim unaudited financial statements for the periods ended March 31, 2022, June 30, 2022 and September 30, 2022 are attached to this Information Statement as **Annexes "A", "B",** and **"C",** and **"D".** 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. OTHER MATTERS

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

The following reports shall be submitted for approval of the stockholders:

(1) Minutes of the previous annual stockholders' meeting held on November 12, 2021, a copy of which is attached to this Information Statement as **Annex "E"**; and

(2) Annual Report and Audited Financial Statements of the Company for the period ended December 31, 2021.

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
November 12, 2021	• Results of the 2021 Annual Stockholders' Meeting and Organizational Meeting of the Board of Directors
December 16, 2021	• Report on Attendance of Corporate Governance Training

Date of Report	Subject
May 13, 2022	• Postponement of the Company's Annual Stockholders' Meeting 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
September 22, 2022	Meeting of the Board of Directors on the approval of the following matters: • Setting the 2022 Annual Stockholders' Meeting ("**2022 ASM**") on November 28, 2022 (Monday) at 9:00 a.m.; • Fixing October 10, 2022 (Monday) as the Record Date for determining the shareholders entitled to notice of and to vote at the 2022 ASM; • (i) Conduct of the 2022 ASM via remote communication; (ii) the participation by the stockholders in the 2022 ASM via remote communication; and (iii) voting in the 2022 ASM by the stockholders *in absentia* or by ballot/proxy; • Delegation to Management of the approval of the internal procedures for the 2022 ASM via remote communication and voting *in absentia* or by ballot/proxy; and • Delegation to the Corporate Secretary of the authority to finalize the Agenda and other matters relevant to the 2022 ASM.
October 20, 2022	Meeting of the Board of Directors on the approval of the following matters: • Postponement of the Company's Annual Stockholders' Meeting for year 2022 (the "**2022 ASM**") scheduled on November 28, 2022 (Monday) to December 12, 2022 (Monday); • Setting the 2022 ASM on December 12, 2022 (Monday) at 9:00 a.m.; • Fixing October 10, 2022 (Monday) as the Record Date for determining the shareholders entitled to notice of and to vote at the 2022 ASM; • (i) Conduct of the 2022 ASM via remote communication; (ii) the participation by the stockholders in the 2022 ASM via remote communication; and (iii) voting in the 2022 ASM by the stockholders *in absentia* or by ballot/proxy; • Delegation to Management of the approval of the internal procedures for the 2022 ASM via remote communication and voting *in absentia* or by ballot/proxy; and • Delegation to the Corporate Secretary of the authority to finalize the Agenda and other matters relevant to the 2022 ASM.

The approval of the: (i) Minutes of the previous annual stockholders' meeting held on November 12, 2021, and (ii) Annual Report and Audited Financial Statements for the period ended December 31, 2021; 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 2022-2023; and
2. Appointment of external auditor for the fiscal year ending 31 December 2022.

Item 19. Voting Procedures

(a) Vote Required

Matters for Stockholders' Approval

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.

Election of Directors

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 22, 2022** and **October 20, 2022**, the Board of Directors approved the (i) conduct of the 2022 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 F"** is the Secretary's Certificate on the Board Resolution authorizing the conduct of the 2022 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 "G".**

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 November 12, 2021
(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, 2021
(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 November 12, 2021
(7) Election of the members of the Board of Directors
(8) Appointment of external auditor for the fiscal year ending 31 December 2022
(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 NOV 08 2022.

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, 2021 and interim unaudited financial statements for the periods ended March 31, 2022, June 30, 2022 and September 30, 2022 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, 2021

(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, 2021, 2020 and 2019 and for each of the three years in the period ended December 31, 2021.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the years ended December 31, 2021, 2020 and 2019:

	For the Year Ended December 31				
	2021	2020	2019	% Change	% Change
	Amount in Millions of Philippine peso except EPS			2021 vs. 2020	2020 vs. 2019
Revenue					
Revenue share in gaming operations	₱101.3	₱153.0	₱494.5	(33.8%)	(69.1%)
Hotel	52.2	24.1	67.4	116.6%	(64.2%)
Food and beverage	19.4	19.0	86.0	2.1%	(77.9%)
Rental	6.1	12.1	25.1	(49.6%)	(51.8%)
Bingo operations	1.6	8.9	51.5	(82.0%)	(82.7%)
Other revenue	39.4	4.3	18.6	816.3%	(76.9%)
	220.0	221.4	743.1	(0.6%)	(70.2%)
Operating costs and expenses	(976.2)	(664.4)	(1,199.5)	46.9%	(44.6%)
Operating loss	(756.2)	(443.0)	(456.4)	70.7%	(3.0%)
Other income (expenses)					
Interest expense	(162.5)	(148.5)	(201.2)	9.4%	(26.2%)
Interest income	0.3	2.1	0.3	(85.7%)	600.0%

Gain on sale of kitchen and bar equipment	–	–	13.4	–	(100.0%)
Miscellaneous income - net	0.2	0.4	1.9	(50.0%)	(78.9%)
	(162.0)	(146.0)	(185.6)	11.0%	(21.3%)
Loss before income tax	(918.2)	(589.0)	(642.0)	55.9%	(8.3%)
Provision for income tax	(0.01)	(0.03)	(0.1)	(66.7%)	(70.0%)
Net loss	(918.2)	(589.0)	(642.1)	55.9%	(8.3%)
Other comprehensive income (loss)	0.1	7.7	(2.0)	(98.7%)	(485%)
Total comprehensive loss	(918.2)	(581.3)	(₱644.1)	58.0%	(9.8%)
Basic/diluted loss per share	(₱0.289)	(₱0.186)	(₱0.202)	55.4%	(7.9%)

Comparison of Operating Results for the Years Ended December 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 years ended December 31, 2021 and 2020 amounted to ₱220.0 million and ₱221.4 million, respectively.

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

- Revenue share in gaming operations decreased by ₱51.7 million or 34% from ₱153.0 million in 2020 to ₱101.3 million in 2021. The decrease is the result of temporary suspension of gaming operations for period of days in the month of March, April, 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 ₱0.4 million in 2020 to ₱0.2 million in 2021.

- Revenue from hotel rooms increased by ₱28.1 million or 117% from ₱24.1 million in 2020 to ₱52.2 million in 2021. The hotel is accredited Multi-Use Hotel, an accommodation establishment that have been inspected by Department of Tourism (DOT) and Bureau of Quarantine (BOQ) and determined to be suitable for the accommodation of both quarantine and non-quarantine guests by reason of compliance with standards for physical separation of guests. The increase in revenue is due to higher number of bookings from the returning overseas Filipinos, the accommodation of off-signers crew of shipping as well as for leisure bookings. Accordingly, the room occupancy rate increased from 34% in 2020 to 64% in 2021. Of the 128 rooms available on average each day, average occupied paying rooms per day is 81 rooms in 2021, which is higher than the 25 rooms in 2020.

- Revenue from food and beverage slightly increased by ₱0.4 million or 2% from ₱19.0 million in 2020 to ₱19.4 million in 2021. The increase is attributable higher food and beverage covers and banquet events held in the last quarter of 2021.

- Revenue from bingo operations decreased by ₱7.3 million or 82% from ₱8.9 million in 2020 to ₱1.6 million in 2021. The bingo operations have only operated until March 13, 2020 and resume to operate only last December 2021 on per invitational basis.

- Revenue from rental decreased by ₱6.0 million or 50% from ₱12.1 million in 2020 to ₱6.1 million in 2021. 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 increased by ₱35.1 million or 816% from ₱4.3 million in 2020 to ₱39.4 million in 2021. This is mainly attributable to a non-refundable deposit by Mistwood Properties Inc. for the conversion of and lease of parking area as the lease agreement did not push through.

Total operating costs and expenses for the years ended December 31, 2021 and 2020 amounted to ₱976.2 million and ₱664.4 million, respectively. The significant increase in the total operating costs and expenses is the provision for non-realizability of Input VAT, management fees, promotional and marketing expenses and utilities which is offset by the decrease in salaries and wages, contracted services, food, tobacco and beverage, service fee, banquet expenses, advertising, entertainment and bad debts.

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

- In 2021, the Group recognized allowance for nonrealizability of Input VAT amounting to P360.8 million.

- Depreciation and amortization decreased by ₱36.0 million or 13% from ₱280.4 million in 2020 to ₱244.3 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 ₱7.9 million or 12% from ₱64.7 million in 2020 to ₱56.8 million in 2021. This is attributable to temporary suspension of Group's operations from March, April and August and reduce working days thereafter.

- Utilities increased by ₱4.4 million or 8% from ₱57.5 million in 2020 to ₱62.0 million in 2021. The increase is mostly attributable to more operational days in the casino, higher hotel occupancy and banquet events this 2021.

- Security services expense increased by ₱2.3 million or 12% from ₱20.0 million in 2020 to ₱22.4 million in 2021. With the increase operational days in casino and higher hotel occupancy resulted to increase required number of security services.

- Advertising and marketing decreased by ₱2.2 million or 12% from ₱18.4million in 2020 to ₱16.3 million in 2021. Marketing efforts to boost the gaming operations were increased by ₱ 9.0 million from ₱5.0 million in 2020 to ₱14.0 million in 2021; offset by ₱11.2 million from ₱ 13.5 million in 2020 to ₱2.2 million in 2021 advertising expenses in hotel and other revenues.

- Provision for expected credit losses (ECL) expenses decreased by ₱5.2 million or 66% from ₱ 7.9million in 2020 to ₱2.7million in 2021. The provision for bad debts is to recognize an allowance on the receivables from existing concessionaires.

- Professional fees decreased by ₱1.2 million or 15% from ₱7.8 million in 2020 to ₱6.6 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.

- Service fees increased by ₱22.4 million from ₱6.3 million in 2020 to ₱28.7 million in 2021. The increase is mostly due to higher operational days in casino and hotel occupancy this 2021.

- Gaming fees decreased by ₱4.7 million or 83% from ₱5.7 million in 2020 to ₱0.9 million in 2021. The decrease is mainly due to the temporary suspension of the bingo operations from March 2020 to November 2021. Furthermore, limited gaming capacity 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 ₱4.2 million or 99% from ₱4.3 million in 2020 to ₱0.03 million in 2021. The company held series of banquet events from January to March 15, 2020 but due to the government gathering limitations, banquet events from March 16, 2020 to December 2020 have been cancelled. Banquet events resumed only December 2021.

- Entertainment expenses decreased by ₱2.6 million or 95% from ₱2.7 million in 2020 to ₱0.1 million in 2021. Performances for hotel guests and casino players were cancelled due to restrictions in large gatherings as imposed by the national government.

- Other expenses decreased by ₱3.8 million or 37% from ₱10.6 million in 2020 to ₱6.4 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. The Group also did not incur various sponsorships and assistance during the year.

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.

Discussion on Financial Condition and Changes in Financial Condition

	For the Year Ended December 31				
	2021	2020	2019	% Change	% Change
	Amount in Millions of Philippine peso except EPS			2021 vs. 2020	2020 vs. 2019
ASSETS					
Current Assets					
Cash	₱12.8	₱21.0	₱41.8	(39.1%)	(49.8%)
Receivables	219.9	204.1	238.2	7.7%	(14.3%)
Inventories	15.5	20.2	25.2	(23.3%)	(19.8%)
Current portion of input value added tax (VAT)	13.4	10.9	16.8	22.9%	(35.1%)
Other current assets	91.3	114.1	175.5	(20.0%)	(35.0%)
Total Current Assets	352.9	370.3	497.5	(4.7%)	(25.6%)
Noncurrent Assets					
Property and equipment	4,288.4	3,766.1	4,002.1	13.9%	(5.9%)
Investment property	–	744.6	774.4	(100.0%)	(3.8%)
Input VAT- net of current portion	100.1	440.8	418.6	(77.3%)	5.3%
Other noncurrent assets	253.7	344.1	404.3	(26.3%)	(14.9%)
Total Noncurrent Assets	4,642.2	5,295.6	5,599.4	(12.3%)	(5.4%)
	4,995.1	₱5,665.9	₱6,096.9	(11.8%)	(7.1%)
LIABILITIES AND EQUITY					
Accounts payable and other current liabilities	690.3	₱591.0	₱502.9	16.8%	17.5%
Retention payable	4.1	7.9	8.8	(48.1%)	(10.2%)
Interest payable	51.5	40.2	15.2	28.1%	164.5%
Current portion of loans payable	–	138.0	185.3	(100.0%)	(25.5%)
Contract liabilities	16.1	16.6	15.9	(3.0%)	4.4%
Total Current Liabilities	762.0	793.7	728.1	(4.0%)	9.0%
Noncurrent Liabilities					
Advances from stockholders	611.5	436.3	343.6	40.2%	27.0%
Loans payable - net of current portion	2,290.0	2,154.8	2,152.4	6.3%	0.1%
Deposit for future stock subscription	2,426.5	2,426.5	2,426.5	0.0%	0.0%
Other noncurrent liabilities	6.2	37.5	47.9	(83.5%)	(21.7%)
Total Noncurrent Liabilities	5,334.2	5,055.1	4,970.4	5.5%	1.7%
Total Liabilities	6,096.2	5,848.8	5,698.5	4.2%	2.6%
Equity					
Capital stock	3,174.4	3,174.4	3,174.4	0.0%	0.0%
Deficit	(4,283.6)	(3,365.3)	(2,776.3)	27.3%	21.2%
Actuarial gains on retirement liability	8.1	8.0	0.3	1.3%	2566.7%
Total Equity	(1101.1)	(182.9)	398.4	502.0%	(145.9%)
	₱4,995.1	₱5,665.9	₱6,096.9	(11.8%)	(7.1%)

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

Total assets amounting to ₱4,995.1 million in 2021, decreased by ₱671 million or 12% from ₱5,665.9 million in 2020.

1. Cash decreased by ₱8.2 million or 39%, from ₱21.0 million in 2020 to ₱12.8 million in 2021 due to the following:

   a) The negative cash flows used in operating activities amounting to ₱134.3 million resulted from the difference in operating loss generated amounting to ₱510.8 million and changes in the working capital amounting to ₱376.2 million. The significant decrease in operating income is due limited accommodation on food and beverage, waiver of rental receivables, reduced table games and slot machine operation and limited banquet events due to the government restrictions imposed in response to the COVID-19 pandemic.

   b) Net cash flows from investing activities amounting to ₱68.2 million is due to the acquisition of building improvements, machineries and non-gaming equipment amounting to ₱21.2 million during the year and the decrease in other noncurrent asset amounting to ₱89.5 million.

   c) Positive cash flows used in financing activities amounted to ₱57.7 million for the current year. The Group made payments amounting to ₱144.6 million for loan interest and other financing charges. On the other hand, the Group received proceeds from advances to stockholders amounting to ₱167.0 million and the infusion of restricted cash amounting to ₱35.4 million to pay for its maturing loan obligations.

2. The ₱15.8 million or 8% increase in receivables is primarily due to:
   a) Decrease in receivables by ₱23.3 million from PAGCOR due to the lockdown imposed by the government and limited gaming capacity.
   b) Recognition of allowance for doubtful account with its nontrade receivables amounting to ₱2.7 million.

   This is offset by:
   a. Increase in the receivable by ₱9.0 million arising from finance lease due to additional gaming equipment.
   b. Increase in trade receivable by ₱ 30.0 million arising from hotel and other operations.

3. The decrease in inventories of ₱4.7 million or 23% from ₱20.2 million in 2020 to ₱15.5 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.

4. The decrease in input VAT amounting to ₱338.2million is the result of the recognition of allowance for nonrealizability of Input VAT.

5. The Prepayments and CWT portion of the other current assets increased by ₱12.7 million or 120% from ₱10.5 million in 2020 to ₱23.2 million in 2021. The significant increase is mainly due to new prepayments totaling to ₱9.4 million for software maintenance, health insurance and permits and additional CWT totaling to ₱3.2 million.

6. The decrease in other noncurrent assets of ₱90.4 million or 26% from ₱344.0 million in 2020 to ₱253.7 million in 2021 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 ₱0.9 million.

7. The accounts payable and other current liabilities increased by ₱98.8 million or 16% from ₱607.6 million in 2020 to ₱706.4 million in 2021. 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 ₱11.3 million or 28% from ₱40.2 million in 2020 to ₱51.5 million in 2021. The increase is due to the unpaid monthly interest on its outstanding loans payable in 2021.

9. 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 ₱175.2million or 40% from ₱436.3 million in 2020 to ₱611.5 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.

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

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.

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

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.

KEY PERFORMANCE INDICATORS (KPI)

- ***Comparative KPI for the years ended December 31, 2021 and 2020***

Indicators	Manner of Computation	2021	2020
Current ratio	Current Assets Current Liabilities	0.46:1	0.47:1
Debt-to-Equity Ratio	Total Liabilities Total Equity	2.77:1	1.53:1
Asset-Liability Ratio	Total Assets Total Liabilities	0.82:1	0.97:1
Return on Assets	Net Income (Loss) Total Assets	(18%)	(10%)
Basic Earnings (Loss per share)	Net Income (Loss) Outstanding Common Shares	(₱0.289)	(₱0.186)

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, 2021, the current ratio is 0.46:1 compared to 0.47:1 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 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, 2021, the debt to equity ratio has increased from 1.53 in 2020 to 2.77 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 year ended December 31, 2021, the asset-liability ratio is 0.82:1 from 0.97:1 as of that of December 31, 2020. The ratio indicates that the Group has ₱.82 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, 2021 and 2020, the return on asset is negative 18% and 10%, respectively.

For the year ended December 31, 2021, the Group's loss per share amounts to ₱0.289 which increased from ₱0.186 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.

- ***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.

- ***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.

(2) Plan of Operations

The Winford Manila Resort & Casino (WMRC) is the newest integrated resort in Greater Manila, specifically at the San Lazaro Tourism and Business Park situated in the Philippine capital's historic Chinese quarter. Built at a cost of ₱8.0 billion, WMRC is a world-class hospitality and entertainment hotel that boasts rest and recreation alternatives in one luxurious package.

Among its main features are 128 all-suite rooms, a 700-seating capacity ballroom, an outdoor heated swimming pool, a dental clinic, fully-equipped fitness and business centers, and over 9,000 square meters of internationally-designed indoor gaming and entertainment facilities.

The expanded ground floor casino can now accommodate more slot machines and electronic table games operating at the same time, without compromising safety protocols. Currently, there are 10 operational table games and 496 slot machines in the gaming floor.

In addition to this, WMRC built a private slot salon in the area that was previously occupied by the ground floor cage and money changer. Being a slot machine-driven market wherein revenue goals can be met, WMRC continously improves and expands its operations through aggressive marketing and promotions.

On the Hotel front, WMRC is fully operational with an average occupancy of 63%. Partnerships with the Hotel Sales & Marketing Association (HSMA) and WMRC's Members' Room Promo are just some of the initiatives being taken to bring back hotel and casino patrons. The Ballroom continues to enjoy frequent bookings for events and MICE activities, with 100 percent capacity restored. Social events are regular on weekends, while corporate meetings are picking up on weekdays.

In its mission to achieve a 5-star rating, WMRC continues to enhance its facilities and amenities year-round. A new WMRC signature F&B outlet and fine dining restaurant chain are among the new attractions expected to open in 2023.

For Q4 2022, WMRC marketing and public relations (PR) highlights included quarterly car raffles, monthly appliance and cash raffles, monthly live concerts, Earn & Redeem promotions, room & buffet promos, grand jackpots, and an upcoming Christmas-themed corporate social responsibility (CSR) initiative geared toward giving back to the community and helping the less fortunate residents of the area.

IV. Management's Discussion and Analysis of Financial Condition and Results of Operations of the Interim Financial Statements as of March 31, 2022 and 2021

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, 2022 and 2021.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the three months ended March 31, 2022 and 2021:

	For the Three months Ended			
	March 31, 2022	March 31, 2021	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱35.4	₱36.7	(₱1.3)	(3.5%)
Hotel	12.0	6.5	5.5	84.6%
Bingo Operations	9.9	0.0	9.9	100.0%
Food and Beverage	6.3	2.7	3.6	133.3%
Rental	3.2	1.7	1.5	88.2%
Other revenue	1.1	0.5	0.6	120.0%
	67.9	48.1	19.8	41.2%
Operating cost and expenses	(161.0)	(164.4)	3.4	(2.1%)
Operating loss	(93.1)	(116.3)	23.2	(19.9%)
Other income (expenses)				
Interest expense	(25.2)	(41.3)	16.1	(39.0%)
Interest income	0.0	0.02	(0.02)	(100.0%)
Miscellaneous income (expenses)	(0.01)	0.2	(0.2)	(105.0%)
	(25.2)	(41.1)	15.9	(38.7%)
Loss before income Tax	(118.3)	(157.4)	39.1	(24.8%)
Provision for income tax	(1.0)	(0.0)	(1.0)	(100.0%)
Net loss	(119.3)	(157.4)	38.1	(24.2%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.2	0.2	0.0	0.0%
Total comprehensive loss	(119.1)	(157.2)	38.1	(24.2%)
Basic/diluted loss per share	₱(0.04)	₱ (0.05)	(₱0.01)	(20.0%)

Comparison of Operating Results for the Years Ended March 31, 2022 and 2021

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, 2022 and 2021 amounted to ₱67.9 million and ₱48.1 million, respectively.

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

- Revenue share in gaming operations decreased by ₱1.3 million or 3% from ₱36.7 million in 2021 to ₱35.4 million in 2022. Revenue Share in Gaming Operations increased by ₱1.9 million or 4% from ₱44.8 million in 2021 to ₱46.7 million in 2022 offset by the increased of Cost of Gaming Operations by ₱3.1 million or 38% from ₱8.2 million in 2021 to ₱11.3 million in 2022. The Cost of Gaming Operations includes gaming marketing promotions and prizes.

- Revenue from hotel rooms increased by ₱5.5 million or 85% from ₱6.5 million in 2021 to ₱12.0 million in 2022. The hotel is accredited Multi-Use Hotel, an accommodation establishment that have been inspected by Department of Tourism (DOT) and Bureau of Quarantine (BOQ) and determined to be suitable for the accommodation of both quarantine and non-quarantine guests by reason of compliance with standards for physical separation of guests. The increase in revenue is due to higher number of bookings from the returning overseas Filipinos, the accommodation of off-signers crew of shipping as well as for leisure bookings. Accordingly, the room occupancy rate increased from 39% in 2021 to 51% in 2022. Of the 128 rooms available on average each day, average occupied paying rooms per day is 65 rooms in 2021, which is higher than the 40 rooms in 2021.

- Revenue from food and beverage increased by ₱3.6 million or 133% from ₱2.7 million in 2021 to ₱6.3 million in 2022. The increase is attributable to higher food and beverage covers and banquet events held in the first quarter of 2022.

- Revenue from bingo operations increased from nil in 2021 to ₱9.9 million in 2022. The bingo operations have only operated until March 13, 2020 and resume to operate beginning December 2021 on limited capacity.

- Revenue from rental increased by ₱1.5 million or 88% from ₱1.7 million in 2021 to ₱3.2 million in 2022. The increase is due to waiver of rent discount to its concessionaires. In addition, two new concessionaires resume its operation.

- Other revenue increased by ₱0.6 million or 120% from ₱0.5 million in 2021 to ₱1.1 million in 2022. This is mainly attributable to increase in consumption of utilities billed by the Group to its concessionaires.

Total operating costs and expenses for the period ended March 31, 2022 and 2021 amounted to ₱161.0 million and ₱164.4 million, respectively. The significant decrease in the total operating costs and expenses is due to lower depreciation, salaries and wages, cost of food, beverage and tobacco and salaries and wages which is offset by the increase in taxes and licenses, utilities, repairs and maintenance, contract services, gaming fees and other operating expense.

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

- Depreciation and amortization decreased by ₱17 million or 26% from ₱64.2 million in 2021 to ₱47.2 million in 2022. This is due to several equipment becoming fully depreciated during the period and fully amortization of prepayments.

- Salaries and wages expense decreased by ₱0.9 million or 6% from ₱14.6 million in 2021 to ₱13.7 million in 2022. This is attributable to reduced worked days and limited allowable capacity to operate for the first quarter.

- Utilities increased by ₱4.8 million or 32% from ₱15.0 million in 2021 to ₱19.8 million in 2022. The increase is attributable to increased gaming capacity, higher occupancy and increased consumption of utilities from concessionaires.

- Taxes and licenses increased by ₱6.3 million or 41% from ₱15.3 million in 2021 to ₱21.6 million in 2022. The increase corresponds with the higher property taxes for the year.

- Repairs and maintenance expense increased by ₱1.1 million or 11% from ₱9.9 million in 2021 to ₱11.0 million in 2022. The increase is due to increased usage of air-conditioned facilities and increased preventive maintenance to generator sets.

- Contracted services increased by ₱1.0 million or 12% from ₱8.6 million in 2021 to ₱9.6 million in 2022. This is mainly due to the increased in contracted manpower services in the hotel and casino with increased worked days and with higher occupancy for the first quarter.

- Security services expense slightly increased by ₱0.1 million or 2% from ₱6.0 million in 2021 to ₱6.1 million in 2022. Hotel and casino operations resumed which resulted to increase in required number of security services.

- Advertising and marketing decreased by ₱0.9 million or 25% from ₱3.5 million in 2021 to ₱2.6 million in 2022. Marketing efforts to advertise the hotel were reduced since the Department of Tourism (DOT) prohibited the leisure operations of hotel.

- Hotel room and supplies increased by ₱0.3 million or 11% from ₱2.5 million in 2021 to ₱2.8 million in 2022. The increase is due to higher occupancy this period.

- Professional fees increased by ₱0.1 million or 7% from ₱1.4 million in 2021 to ₱1.5 million in 2022. This is mainly due to the increase in retainer's fees, consultancy fees and accounting fees rendered to the Group.

- Gaming fees increased by ₱3.8 million or 100% from nil in 2021 to ₱3.8 million in 2022. The increase is mainly due to the reopening of the bingo operations last December 2021 up to date.

- Entertainment expenses increased by ₱0.5 million or 100% from nil in 2021 to ₱0.5 in 2022. Performances for hotel guests and casino players resumed.

- Other expenses increased by ₱1.2 million or 87% from ₱1.4 million in 2021 to ₱2.6 million in 2022. The increase is due to the increase in operating and administrative related activities of the Group which resulted to increase in incurrence of miscellaneous expenses.

<u>Analysis of Statements of Financial Position</u>

	For the Period Ended			
	March 31, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso			
Assets				
Cash and cash equivalents	₱30.8	₱12.8	₱18	140.6%
Receivables	222.9	220.0	2.9	1.0%
Inventories	14.7	15.5	(0.8)	(5.2%)
Current portion of input value added ta›	15.4	13.4	2	14.9%
Prepayments and other current assets	94.0	91.3	2.7	3.0%
Property and equipment	4,242.9	4,288.4	(45.5)	(1.1%)
Input VAT- net of current portion	102.7	100.1	2.6	2.6%
Other noncurrent asset	233.2	253.7	(20.5)	(8.0%)
Total Assets	₱4,956.5	₱4,995.1	(38.6)	(0.8%)
Liabilities				
Accounts payable and other current liabilities	₱761.9	₱706.4	55.5	7.9%
Retention payable	4.1	4.1	0	0.0%
Interest payable	41.7	51.5	(9.8)	(19.0%)
Advances from Stockholders	645.5	611.5	34	5.6%
Loans payable	2,290.7	2,290.0	0.7	0.0%
Deposit for future subscription	2,426.5	2,426.5	0	0.0%
Other noncurrent liabilities	6.3	6.2	0.1	1.6%
Total Liabilities	6,176.7	6,096.2	80.5	1.3%
Capital stock	3,174.4	3,174.4	0	0.0%
Deficit	(4,402.9)	(4,283.6)	(119.3)	2.8%
Actual gains on retirement liability	8.3	8.1	0.2	2.5%
Total Equity	(1,220.2)	(1,101.1)	(119.1)	10.8%
Total Liabilities and Equity	₱4,956.5	₱4,995.1	(₱38.6)	(0.8%)

Discussion on some Significant Change in Financial Condition as of March 31, 2022 and December 31, 2021

Total assets amounting to ₱4,956.5 million as of March 31, 2022 decreased by ₱38.6 million or 0.8% from ₱4,995.1 million in December 31,2021.

1. For the period ended March 31, 2022, cash and cash equivalence increased by ₱18.0 million or 140.6%, from ₱12.8 million in 2021 to ₱30.8 million in 2022 due to the following:

a) The negative cash flows used in operating activities amounting to ₱8.2 million resulted from the difference in operating loss generated amounting to ₱118.3 million and changes in the working capital amounting to ₱54.6 million. The significant decrease in operating income is due to the limited accommodation on food and beverage, and hotel operations, waiver of rental receivables, limited operational table games and slot machine operation and low banquet events.

b) Net cash flows used in investing activities amounting to ₱19.5 million is due to the decrease in other noncurrent asset amounting to ₱20.3 million.

c) Net cash flows provided by financing activities amounted to ₱0.001 million for the current year. The Group received proceeds from advances to stockholders amounting to ₱34 million and decrease of restricted cash amounting to ₱1.0 million to pay for its maturing interest on loan.

2. The ₱2.9 million or 1.0% slight increase in receivables is primarily due to:
   a) Increase in receivable is mainly due to higher receivables from PAGCOR due to the increased gaming revenue

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

3. The decrease in inventories of ₱0.8 million or 5.2% from ₱15.5 million in 2021 to ₱14.7 million in 2022 is mainly due decline in purchases of inventories. Also, the Group did not acquired new playing cards and consumed ₱2 million from its available sets..

4. Prepayments and other current assets increased by ₱2.7 million or 3% from ₱91.3 million in 2021 to ₱94.0 million in 2022. The significant increase is mainly due to the increase in CWT totaling to ₱1.5 million and increase in prepayments totaling to ₱1.2 million.

5. The decrease in other noncurrent assets of ₱20.5 million or 8% from ₱253.7 million in 2021 to ₱233.5 million in 2022 is mainly due to depreciation of fixed asset and lower receivable arising from PTO related to gaming equipment.

6. The accounts payable and other current liabilities increased by ₱55.5 million or 8% from ₱706.4 million in 2021 to ₱761.9 million in 2022. 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.

7. Interest payable decreased by ₱9.8 million or 19% from ₱51.5 million in 2021 to ₱41.7 million in 2022.

8. The increase in current portion of loans payable by ₱105.2 million or 100% from nil in 2020 to ₱105.2 million in 2021 is attributable to the Group's scheduled loan principal repayment by first quarter of 2023.

9. Advances from stockholders increased by ₱34.0 million or 5.6% from ₱611.5 million in 2021 to ₱645.5 million in 2022 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, 2022 and 2021:

Indicators	Manner of Computation	For the three months ended March 31	
		2022	2021
Current ratio	Current Assets / Current Liabilities	**0.41:1**	**0.38:1**
Debt-to-Equity Ratio	Total Liabilities / Total Equities	**3.11:1**	**1.67:1**
Asset Liability Ratio	Total Assets / Total Liabilities	**0.80:1**	**0.94:1**
Return on Assets	Net Income (Loss) / Total Assets	**(2%)**	**(3%)**
Basic Earnings (losses per share)	Net Income (Loss) / Outstanding Common Shares	**(₱0.04)**	**(₱0.05)**

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, 2022, the current ratio is 0.41:1 compared to 0.38:1 of the prior year. The outstanding liabilities in 2022 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 ₱0.41 current assets to support every ₱1.00 of their 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, 2022, the debt to equity ratio has increased by 1.44 from 1.67 in 2021 to 3.11 in 2022. 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, 2022, the asset-liability ratio is 0.80:1 from 0.94:1 as of that of March 31, 2021. The ratio indicates that the Group has ₱.80 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, 2022 and 2021, the return on asset is negative 2% and 3% respectively.

For the three months ended March 31, 2022, the Group's loss per share amounts to (₱0.04) which decreased from (₱0.05) 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.

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, 2022 and 2021

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, 2022 and 2021.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the six months ended June 30, 2022 and 2021:

	For the Six months Ended			
	June 30, 2022	June 30, 2021	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱91.4	₱46.4	₱ 45.0	97.0%
Hotel	24.5	21.1	3.4	16.1%
Bingo Operations	25.6	0.0	25.6	100.0%
Food and Beverage	16.9	7.2	9.7	134.7%
Rental	5.4	3.2	2.2	68.8%
Other revenue	2.5	0.6	1.9	316.7%
	166.3	78.6	87.7	111.6%
Operating cost and expenses	(342.5)	(325.4)	(17.1)	5.3%
Operating loss	(176.2)	(246.8)	70.6	(28.6%)

Other income (expenses)				
Interest expense	(70.6)	(84.0)	13.4	(16.0%)
Interest income	0.6	0.3	0.3	100.0%
Miscellaneous income (expenses)	(0.1)	0.2	(0.3)	(150.0%)
	(70.1)	(83.5)	13.4	(16.0%)
Loss before income Tax	(246.3)	(330.3)	84.0	(25.4%)
Provision for income tax	(3.1)	0.0	(3.1)	(100.0%)
Net loss	(249.4)	(330.3)	80.9	(24.5%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.5	0.5	0.0	0.0%
Total comprehensive loss	(248.9)	(329.8)	80.9	(24.5%)
Basic/diluted loss per share	(₱0.08)	(₱0.10)	₱ 0.02	(20.0%)

Comparison of Operating Results for the Six Months Ended June 30, 2022 and 2021

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 six months ended June 30, 2022 and 2021 amounted to ₱166.3 million and ₱78.6 million, respectively.

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

- Revenue share in gaming operations increased by ₱45 million or 97% from ₱46.4 million in 2021 to ₱91.4 million in 2022. The increase is attributable to higher gaming capacity and foot traffic this period comparing to same period last year.

- Revenue from hotel rooms increased by ₱3.4 million or 16% from ₱21.1 million in 2021 to ₱24.5 million in 2022. The hotel is accredited Multi-Use Hotel, an accommodation establishment that have been inspected by Department of Tourism (DOT) and Bureau of Quarantine (BOQ) and determined to be suitable for the accommodation of both quarantine and non-quarantine guests by reason of compliance with standards for physical separation of guests. The increase in revenue is due to higher number of leisure bookings this period comparing to same period last year.

  Though room occupancy rate decreased from 56% in 2021 to 49% in 2022, the increase in room revenue is because of higher average room rate as contributed by higher leisure bookings this period comparing to same period last year.

- Revenue from food and beverage increased by ₱9.7 million or 135% from ₱7.2 million in 2021 to ₱16.9 million in 2022. The increase is attributable to higher food and beverage covers and banquet events held in the first half of 2022.

- Revenue from bingo operations increased from nil in 2021 to ₱25.6 million in 2022. The bingo operations have only operated until March 13, 2020 and resume to operate beginning December 2021 on limited capacity.

- Revenue from rental increased by ₱2.2 million or 69% from ₱3.2 million in 2021 to ₱5.4 million in 2022. The increase is due to higher fixed or percentage rentals because more concessionaire's resume their operations at higher capacity.

- Other revenue increased by ₱1.9 million or 317% from ₱0.6 million in 2021 to ₱2.5 million in 2022. This is mainly attributable to increase in consumption of utilities billed by the Group to its concessionaires.

Total operating costs and expenses for the period ended June 30, 2022 and 2021 amounted to ₱342.5 million and ₱325.4 million, respectively. The significant increase in the total operating costs and expenses is due to increase in utilities, taxes and licenses, salaries and wages, repairs and maintenance, gaming fees and entertainment which is offset by the decrease in depreciation, advertising expense and other operating expense.

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

- Utilities increased by ₱13.8 million or 48% from ₱28.6 million in 2021 to ₱42.4 million in 2022. The increase is attributable to increased gaming capacity, higher occupancy, additional electricity charges due to fuel cost recovery adjustments, and increased consumption of utilities from concessionaires.

- Salaries and wages expense increased by ₱4.8 million or 17% from ₱28.2 million in 2021 to ₱33 million in 2022. This is attributable to full worked days and allowable capacity to operate for the second quarter.

- Repairs and maintenance expense increased by ₱4.4 million or 22% from ₱20.4 million in 2021 to ₱24.8 million in 2022. The increase is due to increased usage of air-conditioned facilities and increased preventive maintenance to generator sets.

- Contracted services increased by ₱3.6 million or 19% from ₱18.5 million in 2021 to ₱22.1 million in 2022. This is mainly due to the increased in contracted manpower services in the hotel and casino with increased worked days and with higher occupancy for the second quarter.

- Taxes and licenses increased by ₱2.7 million or 9% from ₱29.9 million in 2021 to ₱32.6 million in 2022. The increase corresponds with the higher property taxes for the year.

- Gaming fees increased by ₱10 million or 100% from nil in 2021 to ₱10 million in 2022. The increase is mainly due to the reopening of the bingo operations last December 2021 up to date.

- Cost of sale from food & beverages increased by ₱0.9 million or 16% from ₱5.8 million in 2021 to ₱6.7 million in 2022. This is due to the higher food and beverage covers and banquet events.

- Professional fees increased by ₱1 million or 29% from ₱3.4 million in 2021 to ₱4.4 million in 2022. This is mainly due to the increase in retainer's fees, consultancy fees and accounting fees rendered to the Group.

- Entertainment expenses increased by ₱2.8 million or 100% from nil in 2021 to ₱2.8 million in 2022. Performances for hotel guests and casino players resumed.

- Other expenses increased by ₱4.3 million or 165% from ₱2.6 million in 2021 to ₱6.9 million in 2022. The increase is due to the increase in operating and administrative related activities of the Group which resulted to increase 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, 2022 and 2021:

	For the Three months Ended			
	June 30, 2022	June 30, 2021	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱56.0	₱9.7	₱46.3	477.3%
Hotel	12.5	14.6	(2.1)	(14.4%)
Bingo Operations	15.7	0.0	15.7	100.0%
Food and Beverage	10.6	4.5	6.1	135.6%
Rental	2.2	1.5	0.7	46.7%
Other revenue	1.4	0.2	1.2	600.0%
	98.4	30.5	67.9	222.6%
Operating cost and expenses	(181.4)	(161.1)	(20.3)	12.6%
Operating loss	(83.0)	(130.6)	47.6	(36.5%)
Other income (expenses)				
Interest expense	(45.4)	(42.6)	(2.8)	6.6%
Interest income	0.6	0.2	0.4	200.0%
Miscellaneous income (expenses)	(0.1)	0.0	(0.1)	(433.3%)
	(44.9)	(42.3)	(2.6)	6.1%
Loss before income Tax	(127.9)	(172.9)	45.0	(26.0%)
Provision for income tax	(2.1)	0.0	(2.1)	(100.0%)
Net loss	(130.0)	(172.9)	42.9	(24.8%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.2	0.2	0.0	0.0%
Total comprehensive loss	(129.8)	(172.7)	42.9	(24.8%)
Basic/diluted loss per share	(₱0.04)	(₱0.05)	₱0.01	(20.0%)

Comparison of Operating Results for the Three Months Ended June 30, 2022 and 2021

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 June 30, 2022 and 2021 amounted to ₱98.4 million and ₱30.5 million, respectively.

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

- Revenue share in gaming operations increased by ₱46.3 million or 477% from ₱9.7 million in 2021 to ₱56.0 million in 2022. The increase is attributable to higher gaming capacity and foot traffic this period comparing to same period last year.

- Revenue from hotel rooms decreased by ₱2 million or 14% from ₱14.6 million in 2021 to ₱12.6 million in 2022. The hotel is accredited Multi-Use Hotel, an accommodation establishment that have been inspected by Department of Tourism (DOT) and Bureau of Quarantine (BOQ) and determined to be suitable for the accommodation of both quarantine and non-quarantine guests by reason of compliance with standards for physical separation of guests. Accordingly, the room occupancy rate decreased from 72% in 2021 to 46% in 2022. 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 59 rooms in 2021.

- Revenue from food and beverage increased by ₱6 million or 130% from ₱4.6 million in 2021 to ₱10.6 million in 2022. The increase is attributable to higher food and beverage covers and banquet events held in the second quarter of 2022.

- Revenue from bingo operations increased from nil in 2021 to ₱15.7 million in 2022. The bingo operations have only operated until March 13, 2020 and resume to operate beginning December 2021 on limited capacity.

- Revenue from rental increased by ₱0.7 million or 47% from ₱1.5 million in 2021 to ₱2.2 million in 2022. The increase is due to higher fixed or percentage rentals because more concessionaire's resume their operations at higher capacity.

- Other revenue increased by ₱1.2 million or 600% from ₱0.2 million in 2021 to ₱1.4 million in 2022. This is mainly attributable to increase in consumption of utilities billed by the Group to its concessionaires.

Total operating costs and expenses for the period ended June 30, 2022 and 2021 amounted to ₱181.4 million and ₱161.1 million, respectively. The significant increase in the total operating costs and expenses is due to increase in utilities, taxes and licenses, salaries and wages, repairs and maintenance, gaming fees and entertainment which is offset by the decrease in depreciation, advertising expense and other operating expense.

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

- Utilities increased by ₱9 million or 66% from ₱13.6 million in 2021 to ₱22.6 million in 2022. The increase is attributable to increased gaming capacity, higher occupancy, additional electricity charges due to fuel cost recovery adjustments, and increased consumption of utilities from concessionaires.

- Salaries and wages expense increased by ₱5.7 million or 42% from ₱13.6 million in 2021 to ₱19.3 million in 2022. This is attributable to full worked days and allowable capacity to operate for the second quarter.

- Repairs and maintenance expense increased by ₱3.4 million or 33% from ₱10.4 million in 2021 to ₱13.8 million in 2022. The increase is due to increased usage of air-conditioned facilities and increased preventive maintenance to generator sets.

- Contracted services increased by ₱2.6 million or 26% from ₱9.9 million in 2021 to ₱12.5 million in 2022. This is mainly due to the increased in contracted manpower services in the hotel and casino with increased worked days and with higher occupancy for the second quarter.

- Gaming fees increased by ₱6.2 million or 100% from nil in 2021 to ₱6.2 million in 2022. The increase is mainly due to the reopening of the bingo operations last December 2021 up to date.

- Cost of sale from food & beverages increased by ₱4.3 million or 331% from ₱1.3 million in 2021 to ₱5.6 million in 2022. This is due to the higher food and beverage covers and banquet events.

- Professional fees increased by ₱1 million or 53% from ₱1.9 million in 2021 to ₱2.9 million in 2022. This is mainly due to the increase in retainer's fees, consultancy fees and accounting fees rendered to the Group.

- Entertainment expenses increased by ₱2.3 million or 100% from nil in 2021 to ₱2.3 million in 2022. Performances for hotel guests and casino players resumed.

- Other expenses increased by ₱3.9 million or 244% from ₱1.6 million in 2021 to ₱5.5 million in 2022. The increase is due to the increase in operating and administrative related activities of the Group which resulted to increase in incurrence of miscellaneous expenses.

Analysis of Statements of Financial Position

	For the Period Ended			
	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso			
Assets				
Cash and cash equivalents	₱29.5	₱12.8	₱ 16.7	130.5%
Receivables	255.3	219.9	35.4	16.1%
Inventories	14.5	15.5	(1.0)	(6.5%)
Current portion of input value added ta›	28.9	13.4	15.5	115.7%
Prepayments and other current assets	96.4	91.3	5.1	5.6%
Property and equipment	4,196.1	4,288.4	(92.3)	(2.2%)
Input VAT- net of current portion	95.8	100.1	(4.3)	(4.3%)
Other noncurrent asset	203.3	253.7	(50.4)	(19.9%)
Total Assets	₱4,919.8	₱4,995.1	(₱75.3)	(1.5%)
Liabilities				
Accounts payable and other current liabilities	₱ 728.2	₱706.4	₱21.8	3.1%
Retention payable	4.1	4.1	0.0	0.0%
Interest payable	51.7	51.5	0.2	0.4%
Advances from Stockholders	761.5	611.5	150.0	24.5%
Loans payable	2,291.5	2,290.0	1.5	0.1%
Deposit for future subscription	2,426.5	2,426.5	0.0	0.0%
Other noncurrent liabilities	6.3	6.2	0.1	1.6%
Total Liabilities	6,269.8	6,096.2	173.6	2.9%
Capital stock	3,174.4	3,174.4	0.0	0.0%
Deficit	(4,532.9)	(4,283.6)	(249.3)	5.8%
Actual gains on retirement liability	8.5	8.1	0.4	4.9%

Total Equity	(1,350.0)	(1,101.1)	(248.9)	22.6%
Total Liabilities and Equity	₱4,919.8	₱4,995.1	(₱75.3)	(1.5%)

<u>Discussion on some Significant Change in Financial Condition as of June 30, 2022 and December 31, 2021</u>

Total assets amounting to ₱4,919.8 million as of June 30, 2022 decreased by ₱75.4 million or 1.5% from ₱4,995.1 million in December 31,2021.

1. For the period ended June 30, 2022, cash and cash equivalence increased by ₱17.0 million or 131%, from ₱12.8 million in 2021 to ₱29.5 million in 2022 due to the following:

   a) The negative cash flows used in operating activities amounting to ₱105.1 million resulted from the difference in operating loss generated amounting to ₱246.3 million and changes in the working capital amounting to ₱141.2 million. The significant decrease in operating income is due to the limited accommodation on food and beverage, and hotel operations, waiver of rental receivables, limited operational table games and slot machine operation and low banquet events.

   b) Net cash flows used in investing activities amounting to ₱41.7 million is due to the decrease in other noncurrent asset amounting to ₱50.0 million offset by additions to property and equipment amounting to ₱8.3 million

   c) Net cash flows provided by financing activities amounted to ₱80.1 million for the current year. The Group received proceeds from advances to stockholders amounting to ₱151.2 million and decrease of restricted cash amounting to ₱2.0 million and ₱68.8 million to pay its maturing interest on loan.

2. The ₱35.4 million or 16.1% increase in receivables is primarily due to:
   b) Increase in receivable is mainly due to higher receivables from PAGCOR due to the increased gaming revenue

   This is partially offset by decrease:
   c. In the receivable arising from finance lease due to additional gaming equipment.
   d. In receivable due quarantine in house guests from corporate accounts.

3. The decrease in inventories of ₱1 million or 7% from ₱15.5 million in 2021 to ₱14.4 million in 2022 is mainly due decline in purchases of inventories. Also, the Group did not acquired new playing cards and consumed ₱2 million from its available sets..

4. Prepayments and other current assets increased by ₱5.1 million or 6% from ₱91.3 million in 2021 to ₱96.4 million in 2022. The significant increase is mainly due to the increase in Advance payments, restricted cash and CWT totaling to ₱2.2 million.

5. The decrease in other noncurrent assets of ₱50.4 million or 20% from ₱253.7 million in 2021 to
   ₱203.3 million in 2022 is mainly due to depreciation of fixed asset and lower receivable arising from PTO related to gaming equipment.

6. The accounts payable and other current liabilities increased by ₱21.8 million or 3% from ₱706.4 million in 2021 to ₱728.2 million in 2022. 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.

7. Interest payable increased by ₱0.2 million or 0.4% from ₱51.5 million in 2021 to ₱51.7 million in 2022.

8. The increase in current portion of loans payable by ₱210.4 million or 100% from nil in 2021 to ₱210.4 million in 2022 is attributable to the Group's scheduled loan principal repayment by first half of 2023.

9. Advances from stockholders increased by ₱150 million or 25% from ₱611.5 million in 2021 to ₱761.5 million in 2022 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 June 30, 2022 and 2021:

Indicators	**Manner of Computation**	**For the three months ended June 30**		**For the six months ended June 30**	
		2022	**2021**	**2022**	**2021**
Current ratio	Current Assets / Current Liabilities	**0:43:1**	**0.31:1**	**0:43:1**	**0.31:1**
Debt-to-Equity Ratio	Total Liabilities / Total Equities	**3:57:1**	**1.85:1**	**3:57:1**	**1.85:1**
Asset Liability Ratio	Total Assets / Total Liabilities	**0:78:1**	**0.91:1**	**0:78:1**	**0.91:1**
Return on Assets	Net Income (Loss) / Total Assets	**(3%)**	**(3%)**	**(5%)**	**(6%)**
Basic Earnings (losses per share)	Net Income (Loss) / Outstanding Common Shares	**(₱0.04)**	**(₱0.05)**	**(₱0.08)**	**(₱0.10)**

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, 2022, the current ratio is 0.43:1 compared to 0.31:1 of the prior year. The outstanding liabilities in 2022 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 ₱0.43 current assets to support every ₱1.00 of their 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, 2022, the debt to equity ratio has increased by 1.72 from 1.85 in 2021 to 3.57 in 2022. 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 six months ended June 30, 2022, the asset-liability ratio is 0.78:1 from 0.91:1 as of that of June 30, 2021. The ratio indicates that the Group has ₱0.78 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 June 30, 2022 and 2021, the return on asset is negative 3% and 3% respectively. For the six months ended June 30, 2022 and 2021, the return on asset is negative 5% and 6% respectively.

For the three months ended June 30, 2022, the Group's loss per share amounts to (₱0.04) which decreased from (₱0.05) that of prior year. For the six months ended June 30, 2022, the Group's loss per share amounts to (₱0.08) which decreased from (₱0.10) 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.

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. Management's Discussion and Analysis of Financial Condition and Results of Operations of the Interim Financial Statements as of September 30, 2022 and 2021

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 September 30, 2022 and 2021.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the six months ended September 30, 2022 and 2021:

	For the Nine months Ended			
	September 30, 2022	September 30, 2021	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱155.7	₱66.7	₱89.0	133.4%
Hotel	38.1	37.1	1.0	2.7%
Food and Beverage	33.0	12.2	20.8	170.5%
Bingo Operations	40.7	0.0	40.7	100.0%
Rental	6.4	4.2	2.2	52.4%
Other revenue	4.2	4.0	0.2	5.0%
	278.1	124.2	153.9	123.9%
Operating cost and expenses	(545.8)	(471.3)	(74.5)	15.8%
Operating loss	(267.7)	(347.1)	79.4	(22.9%)
Other income (expenses)				
Interest expense	(154.6)	(124.1)	(30.5)	24.6%
Interest income	0.6	0.5	0.1	20.0%
Miscellaneous income (expenses)	(0.1)	0.2	(0.3)	(150.0%)
	(154.1)	(123.4)	(30.7)	24.9%
Loss before income Tax	(421.8)	(470.5)	48.7	(10.4%)
Provision for income tax	(7.8)	0.0	(7.8)	(100.0%)
Net loss	(429.6)	(470.5)	40.9	(8.7%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.7	0.7	0.0	0.0%
Total comprehensive loss	(428.9)	(469.8)	40.9	(8.7%)
Basic/diluted loss per share	(₱0.14)	(₱0.15)	₱0.01	(6.7%)

Comparison of Operating Results for the Nine Months Ended September 30, 2022 and 2021

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 nine months ended September 30, 2022 and 2021 amounted to ₱278.1 million and ₱124.2 million, respectively.

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

- Revenue share in gaming operations increased by ₱89 million or 133% from ₱66.7 million in 2021 to ₱155.7 million in 2022. The increase is attributable to higher gaming capacity and foot traffic this period comparing to same period last year.

- Revenue from hotel rooms increased by ₱1 million or 3% from ₱37.1 million in 2021 to ₱38.1 million in 2022. The hotel is accredited Multi-Use Hotel, an accommodation establishment that have been inspected by Department of Tourism (DOT) and Bureau of Quarantine (BOQ) and determined to be suitable for the accommodation of both quarantine and non-quarantine guests by reason of compliance with standards for physical separation of guests. The increase in revenue is due to higher number of leisure bookings this period comparing to same period last year.

  Though room occupancy rate decreased from 63% in 2021 to 50% in 2022, the increase in room revenue is because of higher average room rate as contributed by higher leisure bookings this period comparing to same period last year.

- Revenue from food and beverage increased by ₱20.8 million or 171% from ₱12.2 million in 2021 to ₱33 million in 2022. The increase is attributable to higher food and beverage covers and banquet events held in the first to third quarter of 2022.

- Revenue from bingo operations increased from nil in 2021 to ₱40.7 million in 2022. The bingo operations have only operated until March 13, 2020 and resume to operate beginning December 2021 on limited capacity.

- Revenue from rental increased by ₱2.2 million or 52% from ₱4.2 million in 2021 to ₱6.4 million in 2022. The increase is due to higher fixed or percentage rentals because more concessionaire's resume their operations at higher capacity.

- Other revenue increased by ₱0.2 million or 5% from ₱4 million in 2021 to ₱4.2 million in 2022. This is mainly attributable to increase in consumption of utilities billed by the Group to its concessionaires.

Total operating costs and expenses for the period ended September 30, 2022 and 2021 amounted to ₱545.8 million and ₱471.3 million, respectively. The significant increase in the total operating costs and expenses is due to increase in utilities, salaries and wages, contracted services, taxes and licenses, gaming fees, cost of hotel room and supplies, cost of food, beverage and tobacco, banquet expenses and entertainment which is offset by the decrease in depreciation, transportation and travel expense.

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

- Utilities increased by ₱25.6 million or 57% from ₱44.7 million in 2021 to ₱70.3 million in 2022. The increase is attributable to increased gaming capacity, higher occupancy, additional electricity charges due to fuel cost recovery adjustments, and increased consumption of utilities from concessionaires.

- Salaries and wages expense increased by ₱11.7 million or 28% from ₱41.2 million in 2021 to ₱52.9 million in 2022. This is attributable to additional manpower and worked days due to higher allowable capacity to operate for the third quarter.

- Contracted services increased by ₱12 million or 49% from ₱24.4 million in 2021 to ₱36.4 million in 2022. This is mainly due to the increased in contracted manpower services in the hotel and casino with increased worked days and with higher occupancy for the third quarter.

- Repairs and maintenance expense increased by ₱6.4 million or 21% from ₱30.1 million in 2021 to ₱36.5 million in 2022. The increase is due to increased usage of air-conditioned facilities and increased preventive maintenance to generator sets.

- Taxes and licenses increased by ₱9.7 million or 28% from ₱34.3 million in 2021 to ₱44 million in 2022. The increase corresponds with the higher property taxes for the year.

- Gaming fees increased by ₱22.2 million from ₱0.001 million in 2021 to ₱22.2 million in 2022. The increase is mainly due to the reopening of the bingo operations last December 2021 up to date.

- Hotel room and supplies increased by ₱7.9 million or 119% from ₱6.6 million in 2021 to ₱14.5 million in 2022.

- Cost of sale from food & beverages increased by ₱7.4 million or 83% from ₱8.9 million in 2021 to ₱16.3 million in 2022. This is due to the higher food and beverage covers and banquet events.

- Entertainment expenses increased by ₱5.8 million or 100% from nil in 2021 to ₱5.8 million in 2022. Performances for hotel guests and casino players resumed.

- Other expenses increased by ₱10 million or 163% from ₱6.1 million in 2021 to ₱16.1 million in 2022. The increase is due to the increase in operating and administrative related activities of the Group which resulted to increase 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 September 30, 2022 and 2021:

	For the Three months Ended			
	September 30, 2022	September 30, 2021	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱64.3	₱20.5	₱43.8	213.7%
Hotel	13.6	16.0	(2.4)	(15.0%)
Food and Beverage	16.1	5.0	11.1	222.0%
Bingo Operations	15.1	0.0	15.1	100.0%
Rental	1.0	0.9	0.1	11.1%
Other revenue	1.7	3.3	(1.6)	(48.5%)
	111.8	45.7	66.1	144.6%
Operating cost and expenses	(203.4)	(146.6)	(56.8)	38.7%
Operating loss	(91.6)	(100.9)	9.3	(9.2%)
Other income (expenses)				
Interest expense	(84.0)	(40.1)	(43.9)	109.5%
Interest income	0.0	0.2	(0.2)	(100.0%)

Miscellaneous income (expenses)	0.0	0.02	(0.02)	(100.0%)
	(84.0)	(39.9)	(44.1)	110.5%
Loss before income Tax	(175.6)	(140.8)	(34.8)	24.7%
Provision for income tax	(4.7)	0.0	(4.7)	(100.0%)
Net loss	(180.3)	(140.8)	(39.5)	28.1%
Other comprehensive income				
Actuarial Gains on retirement				
liability	0.2	0.2	0.0	0.0%
Total comprehensive loss	(180.1)	(140.6)	(39.5)	28.1%
Basic/diluted loss per share	(₱0.06)	(₱0.04)	(₱0.02)	50.0%

Comparison of Operating Results for the Three Months Ended September 30, 2022 and 2021

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 September 30, 2022 and 2021 amounted to ₱111.8 million and ₱45.7 million, respectively.

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

- Revenue share in gaming operations increased by ₱43.8 million or 214% from ₱20.5 million in 2021 to ₱64.3 million in 2022. The increase is attributable to higher gaming capacity and foot traffic this period comparing to same period last year.

- Revenue from hotel rooms decreased by ₱2.4 million or 15% from ₱16 million in 2021 to ₱13.6 million in 2022. The hotel is accredited Multi-Use Hotel, an accommodation establishment that have been inspected by Department of Tourism (DOT) and Bureau of Quarantine (BOQ) and determined to be suitable for the accommodation of both quarantine and non-quarantine guests by reason of compliance with standards for physical separation of guests. Accordingly, the room occupancy rate decreased from 75% in 2021 to 51% in 2022. Of the 128 rooms available on average each day, average occupied paying rooms per day is 96 rooms in 2021, which is lower than the 65 rooms in 2022.

- Revenue from food and beverage increased by ₱11.1 million or 222% from ₱5 million in 2021 to ₱16.1 million in 2022. The increase is attributable to higher food and beverage covers and banquet events held in the third quarter of 2022.

- Revenue from bingo operations increased from nil in 2021 to ₱15.1 million in 2022. The bingo operations have only operated until March 13, 2020 and resume to operate beginning December 2021 on limited capacity.

- Revenue from rental increased by ₱0.1 million or 11% from ₱0.9 million in 2021 to ₱1 million in 2022. The increase is due to higher fixed or percentage rentals because more concessionaire’s resume their operations at higher capacity.

- Other revenue decreased by ₱1.6 million or 48% from ₱3.3 million in 2021 to ₱1.7 million in 2022. This is mainly attributable to decrease in consumption of utilities billed by the Group to its concessionaires.

Total operating costs and expenses for the period ended September 30, 2022 and 2021 amounted to ₱203.4 million and ₱146.6 million, respectively. The significant increase in the total operating costs and expenses is due to increase in utilities, salaries and wages, contracted services, taxes and licenses, gaming fees, cost of hotel room and supplies, cost of food, beverage and tobacco, banquet expenses and entertainment which is offset by the decrease in depreciation, transportation and travel expense.

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

- Utilities increased by ₱11.7 million or 73% from ₱16.1 million in 2021 to ₱27.8 million in 2022. The increase is attributable to increased gaming capacity, higher occupancy, additional electricity charges due to fuel cost recovery adjustments, and increased consumption of utilities from concessionaires.

- Salaries and wages expense increased by ₱6.8 million or 52% from ₱13.1 million in 2021 to ₱19.9 million in 2022. This is attributable to additional manpower and worked days due to higher allowable capacity to operate for the third quarter.

- Contracted services increased by ₱8.4 million or 142% from ₱5.9 million in 2021 to ₱14.3 million in 2022. This is mainly due to the increased in contracted manpower services in the hotel and casino with increased worked days and with higher occupancy for the third quarter.

- Repairs and maintenance expense increased by ₱2 million or 21% from ₱9.7 million in 2021 to ₱11.7 million in 2022. The increase is due to increased usage of air-conditioned facilities and increased preventive maintenance to generator sets.

- Taxes and licenses increased by ₱7 million or 160% from ₱4.4 million in 2021 to ₱11.4 million in 2022. The increase corresponds with the higher property taxes for the year.

- Gaming fees increased by ₱9.8 million or 100% from nil in 2021 to ₱9.8 million in 2022. The increase is mainly due to the reopening of the bingo operations last December 2021 up to date.

- Hotel room and supplies increased by ₱5.2 million or 208% from ₱2.5 million in 2021 to ₱7.7 million in 2022.

- Cost of sale from food & beverages increased by ₱6.5 million or 210% from ₱3.1 million in 2021 to ₱9.6 million in 2022. This is due to the higher food and beverage covers and banquet events.

- Entertainment expenses increased by ₱3 million or 100% from nil in 2021 to ₱3 million in 2022. Performances for hotel guests and casino players resumed.

- Other expenses increased by ₱5.2 million or 179% from ₱2.9 million in 2021 to ₱8.1 million in 2022. The increase is due to the increase in operating and administrative related activities of the Group which resulted to increase in incurrence of miscellaneous expenses.

Analysis of Statements of Financial Position

	For the Period Ended			
	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*	Amount Change	% Change
	Amount in Millions of Philippine peso			
Assets				
Cash and cash equivalents	₱22.3	₱12.8	₱9.5	74.2%
Receivables	207.9	219.9	(12.0)	(5.5%)
Inventories	19.2	15.5	3.7	23.9%
Current portion of input value added ta›	29.1	13.4	15.7	117.2%
Prepayments and other current assets	3,757.0	91.3	3,665.70	4,015.0%
Property and equipment	4,156.7	4,288.4	(131.7)	(3.1%)
Input VAT- net of current portion	102.7	100.1	2.6	2.6%
Other noncurrent asset	203.1	253.7	(50.6)	(19.9%)
Total Assets	₱8,498.0	₱4,995.1	₱3,502.90	70.1%
Liabilities				
Accounts payable and other current liabilities	₱ 746.2	₱706.4	₱39.8	5.6%
Retention payable	4.1	4.1	0.0	0.0%
Interest payable	95.7	51.5	44.2	85.8%
Advances from Stockholders	800.7	611.5	189.2	30.9%
Loans payable	2,292.3	2,290.0	2.3	0.1%
Deposit for future subscription	2,426.5	2,426.5	0.0	0.0%
Other noncurrent liabilities	3,662.5	6.2	3,656.30	58,972.6%
Total Liabilities	10,028.0	6,096.2	3,931.80	64.5%
Capital stock	3,174.4	3,174.4	0.0	0.0%
Deficit	(4,713.2)	(4,283.6)	(429.6)	10.0%
Actual gains on retirement liability	8.8	8.1	0.7	8.6%
Total Equity	(1,530.0)	(1,101.1)	(428.9)	39.0%
Total Liabilities and Equity	₱8,498.0	₱4,995.1	₱3,502.90	70.1%

Discussion on some Significant Change in Financial Condition as of September 30, 2022 and December 31, 2021

Total assets amounting to ₱8,498 million as of September 30, 2022 increased by ₱3,502.9 million or 70% from ₱4,995.1 million in December 31,2021.

1. For the period ended September 30, 2022, cash and cash equivalence increased by ₱9.5 million or 74%, from ₱12.8 million in 2021 to ₱22.3 million in 2022 due to the following:

a) The negative cash flows used in operating activities amounting to ₱113 million resulted from the difference in operating loss generated amounting to ₱421.8 million and changes in the working capital amounting to ₱308.8 million.

b) Net cash flows used in investing activities amounting to ₱42.5 million is due to the decrease in other noncurrent asset amounting to ₱50.0 million offset by additions to property and equipment amounting to ₱7.4 million

c) Net cash flows provided by financing activities amounted to ₱79.9 million for the current year. The Group received proceeds from advances to stockholders amounting to ₱186.9 million and decrease of restricted cash amounting to ₱2.5 million and ₱104.5 million to pay its maturing interest on loan.

2. The ₱12 million or 5.5% decrease in receivables is primarily due to:

   Collections primarily for OWWA receivables amounting to ₱41.8 million

   This is offset by increase in receivable mainly due to higher receivables from PAGCOR due to the increased gaming revenue

3. The increase in inventories of ₱3.7 million or 24% from ₱15.5 million in 2021 to ₱19.2 million in 2022 is mainly due to the Group acquisition of new playing cards amounting to ₱7.5 million partially offset by consumed ₱2.5 million from its available sets.

4. Prepayments and other current assets increased by ₱3,665.7 million from ₱91.3 million in 2021 to ₱3,757 million in 2022. The significant increase is mainly due to the restricted short-term placement or escrow account balance as of report date.

5. The decrease in other noncurrent assets of ₱50.6 million or 20% from ₱253.7 million in 2021 to
   ₱203.1 million in 2022 is mainly due to depreciation of fixed asset and lower receivable arising from PTO related to gaming equipment.

6. The accounts payable and other current liabilities increased by ₱39.8 million or 6% from ₱706.4 million in 2021 to ₱746.2 million in 2022. 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.

7. Interest payable increased by ₱44.2 million or 86% from ₱51.5 million in 2021 to ₱95.7 million in 2022.

8. The increase in current portion of loans payable by ₱315.8 million or 100% from nil in 2021 to ₱315.8 million in 2022 is attributable to the Group's scheduled loan principal repayment by 2023.

9. Advances from stockholders increased by ₱189.2 million or 31% from ₱611.5 million in 2021 to ₱800.7 million in 2022 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 September 30, 2022 and 2021:

Indicators	Manner of Computation	For the three months ended September 30		For the nine months ended September 30	
		2022	2021	2022	2021
Current ratio	Current Assets / Current Liabilities	**3:47:1**	**0.46:1**	**3:47:1**	**0.46:1**
Debt-to-Equity Ratio	Total Liabilities / Total Equities	**8:48:1**	**2.06:1**	**8:48:1**	**2.06:1**
Asset Liability Ratio	Total Assets / Total Liabilities	**0:85:1**	**0.89:1**	**0:85:1**	**0.89:1**
Return on Assets	Net Income (Loss) / Total Assets	**(2%)**	**(3%)**	**(5%)**	**(9%)**
Basic Earnings (losses per share)	Net Income (Loss) / Outstanding Common Shares	**(₱0.06)**	**(₱0.04)**	**(₱0.14)**	**(₱0.15)**

Current ratio is regarded as a measure of the Group's liquidity or its ability to meet maturing obligations. For the nine months ended September 30, 2022, the current ratio is 3.47:1 compared to 0.46:1 of the prior year. The outstanding liabilities in 2022 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 ₱3.47 current assets to support every ₱1.00 of their 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 nine months ended September 30, 2022, the debt to equity ratio has increased by 6.42 from 2.06 in 2021 to 8.48 in 2022.

The asset-liability ratio, exhibits the relationship of the total assets of the Group with its total liabilities. For the nine months ended September 30, 2022, the asset-liability ratio is 0.85:1 from 0.89:1 as of that of September 30, 2021. The ratio indicates that the Group has ₱0.85 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 nine months ended September 30, 2022 and 2021, the return on asset is negative 5% and 9% respectively. For the three months ended September 30, 2022 and 2021, the return on asset is negative 2% and 3% respectively.

For the nine months ended September 30, 2022, the Group's loss per share amounts to (₱0.14) which decreased from (₱0.15) that of prior year. For the three months ended September 30, 2022, the Group's loss per share amounts to (₱0.06) which increased from (₱0.04) 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.

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.

VII. 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.

VIII. 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.

IX. 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 2022		CY 2021		CY 2020	
	High	Low	High	Low	High	Low
1st Quarter	1.41	1.00	2.45	1.74	2.56	2.56
2nd Quarter	1.45	0.98	1.88	1.41	2.10	1.48
3rd Quarter	1.34	0.67	2.28	1.31	2.79	1.68
4th Quarter	-	-	1.31	0.94	2.00	1.73

Source: Philippine Stock Exchange, Inc.

As of the latest practicable trading date, **November 3, 2022**, the closing price of the Corporation's common shares in the PSE is at **PhP 1.00** per share.

2. Holders

As of **October 10, 2022**, 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 October 10, 2022

	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%

	Name	No. of Shares	% of Shareholdings
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).

X. 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 2021 (SEC FORM 17-A) AND THE QUARTERLY REPORT FOR THE FIRST, SECOND AND THIRD QUARTERS OF 2022 (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, 2021

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
Mon 5/16/2022 10:38 PM
To: financial reporting <financial.reporting@winfordmanila.com>
Cc: Amie Bordallo <Amie.Bordallo@winfordmanila.com>

Hi MJC INVESTMENTS CORPORATION,

Valid files

- EAFS000596509ITRTY122021.pdf
- EAFS000596509AFSTY122021.pdf
- EAFS000596509OTHTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-QMN4MNMR09CDA9JCJMMM1VMNZ0QR2XNNVV**
Submission Date/Time: **May 16, 2022 10:22 PM**
Company TIN: **000-596-509**

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C O V E R   S H E E T

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
corporate@rtdslaw.com.ph	8631-2846	09359807539

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
433	11/12	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
Lemuel M. Santos	corporate@rtdslaw.com.ph	(02) 8687-9889	(+63) 935-980-7539

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, 2021, 2020 and 2019, 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 this 16th day of May 2022, in Pasig City, affiant exhibiting to me:

Affiant	TIN
Alfonso R. Reyno, Jr.	114-555-166
Jose Alvaro D. Rubio	109-945-552

Doc. No. 160;
Page No. 33;
Book No. X;
Series of 2022.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 87 (2020-2021)
EXTENDED UP TO JUNE 30, 2022
PER SC RESOLUTION B. M. NO. 3795
(Re: Request for Extension of
Existing Notarial Commission)
PTR No. 8132084/1-21-2022/PASIG
IBP No. 199958/1-19-2022/MAKATI
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY NO. 57018

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

Report on the Audit of the Parent Company Financial Statements

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 Parent Company), which comprise the parent company statements of financial position as at December 31, 2021 and 2020, and the parent company statements of comprehensive income, parent company statements of changes in capital deficiency and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the parent company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the 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 ₱918.2 million and ₱567.2 million in 2021 and 2020, respectively, resulting to a capital deficiency of ₱1,101.6 million and ₱183.4 million as at December 31, 2021 and 2020, respectively. 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 ₱409.6 million and ₱423.8 million as at December 31, 2021 and 2020, 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 30 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 Gaile A. Macapinlac.

SYCIP GORRES VELAYO & CO.

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
Tax Identification No. 205-947-572
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1621-AR-1 (Group A)
November 11, 2019, valid until November 10, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-126-2019, November 27, 2019, valid until November 26, 2022
PTR No. 8854320, January 3, 2022, Makati City

May 13, 2022

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	
	2021	2020
ASSETS		
Current Assets		
Cash (Note 6)	**₱12,827,759**	₱21,049,381
Receivables (Note 7)	**219,869,736**	204,082,822
Inventories (Note 8)	**15,461,433**	20,206,354
Input value-added tax (VAT) - current (Note 9)	**13,405,199**	10,927,769
Other current assets (Note 10)	**90,731,796**	114,073,654
Total Current Assets	**352,295,923**	370,339,980
Noncurrent Assets		
Property and equipment (Note 11)	**4,288,449,743**	3,766,120,571
Input VAT - net of current portion (Note 9)	**100,082,039**	440,789,218
Investment properties (Note 12)	**–**	744,573,541
Other noncurrent assets (Note 13)	**253,653,542**	343,958,008
Total Noncurrent Assets	**4,642,185,324**	5,295,441,338
TOTAL ASSETS	**₱4,994,481,247**	₱5,665,781,318
LIABILITIES AND CAPITAL DEFICIENCY		
Current Liabilities		
Accounts payable and other current liabilities (Note 14)	**₱706,313,511**	₱607,945,543
Interest payable (Notes 15 and 21)	**51,445,063**	40,233,541
Retention payable (Note 11)	**4,120,784**	7,934,014
Current portion of loans payable (Note 15)	**–**	138,039,293
Total Current Liabilities	**761,879,358**	794,152,391
Noncurrent Liabilities		
Deposits for future stock subscription (Notes 18 and 21)	**2,426,501,748**	2,426,501,748
Loans payable - net of current portion (Note 15)	**2,289,957,577**	2,154,743,374
Advances from stockholders (Note 21)	**611,505,320**	436,314,585
Other noncurrent liabilities (Notes 16 and 17)	**6,219,594**	37,486,824
Total Noncurrent Liabilities	**5,334,184,239**	5,055,046,531
Total Liabilities	**6,096,063,597**	5,849,198,922
Capital Deficiency		
Capital stock (Note 22)	**3,174,405,821**	3,174,405,821
Deficit	**(4,284,059,166)**	(3,365,822,992)
Cumulative actuarial gains on retirement liability (Note 16)	**8,070,995**	7,999,567
Capital Deficiency	**(1,101,582,350)**	(183,417,604)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	**₱4,994,481,247**	₱5,665,781,318

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	
	2021	2020
REVENUE		
Revenue share in gaming operations (Note 17)	**₱101,334,766**	₱152,970,083
Hotel	**52,181,980**	24,059,292
Food and beverage	**19,394,027**	19,042,942
Rental (Note 17)	**6,069,503**	12,096,250
Bingo operations	**1,644,386**	8,915,161
Other revenue	**39,361,638**	4,275,109
TOTAL REVENUE	**219,986,300**	221,358,837
OPERATING COSTS AND EXPENSES (Note 24)	**(976,114,727)**	(664,210,888)
OPERATING LOSS	**(756,128,427)**	(442,852,051)
OTHER INCOME (EXPENSES)		
Interest expense and other financing charges (Notes 15, 17 and 21)	**(162,510,644)**	(148,507,290)
Interest income (Notes 6 and 10)	**256,488**	2,138,149
Miscellaneous income - net	**153,525**	669,359
Gain on reversal of allowance for ECL (Note 7)	**–**	21,408,535
	(162,100,631)	(124,291,247)
LOSS BEFORE INCOME TAX	**(918,229,058)**	(567,143,298)
PROVISION FOR INCOME TAX (Note 19)	**(7,116)**	(26,110)
NET LOSS	**(918,236,174)**	(567,169,408)
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gain on defined benefit obligation (Note 16)	**71,428**	7,712,363
TOTAL COMPREHENSIVE LOSS	**(₱918,164,746)**	(₱559,457,045)
Basic/Diluted Loss Per Share (Note 23)	**₱0.289**	₱0.179

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 CAPITAL DEFICIENCY

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Capital Stock (Note 22)	**Deficit**	**Cumulative Actuarial gains on retirement liability** (Note 16)	**Total**
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)**
Net loss	–	(918,236,174)	–	(918,236,174)
Other comprehensive income (Note 16)	–	–	71,428	71,428
Total comprehensive income (loss)	–	(918,236,174)	71,428	(918,164,746)
BALANCES AT DECEMBER 31, 2021	**₱3,174,405,821**	**(₱4,284,059,166)**	**₱8,070,995**	**(₱1,101,582,350)**

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	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱918,229,058)**	(₱567,143,298)
Adjustments for:		
Depreciation and amortization (Notes 11, 12, 13 and 24)	**244,264,609**	280,288,947
Interest expense and other financing charges (Notes 15, 17 and 21)	**162,510,644**	148,507,290
Interest income (Notes 6 and 10)	**(256,488)**	(2,138,149)
Retirement benefit expense (Notes 16 and 24)	**990,114**	1,341,597
Unrealized foreign exchange loss (gain)	**(111,885)**	84,472
Operating loss before working capital changes	**(510,832,064)**	(139,059,141)
Decrease (increase) in:		
Receivables	**(15,786,914)**	13,217,714
Inventories	**4,744,921**	4,954,894
Input VAT	**338,229,749**	(16,318,241)
Other current assets	**(12,107,060)**	1,613,074
Increase (decrease) in:		
Accounts payable and other current liabilities	**98,367,968**	88,718,548
Retention payable	**(3,813,230)**	(861,664)
Other noncurrent liabilities	**(33,392,911)**	(5,192,120)
Net cash used for operations	**(134,589,541)**	(52,926,936)
Income taxes paid	**(7,116)**	(26,110)
Interest received (Notes 6 and 10)	**256,488**	2,138,149
Net cash flows used in operating activities	**(134,340,169)**	(50,814,897)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 11)	**(21,205,283)**	(13,802,781)
Decrease in other noncurrent assets (Note 13)	**89,489,509**	59,433,917
Net cash flows provided by investing activities	**68,284,226**	45,631,136
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan (Note 15):		
Interest and other financing charges	**(144,631,290)**	(130,067,342)
Principal	**–**	(47,100,000)
Decrease in restricted cash (Notes 10 and 15)	**35,448,918**	59,708,998
Proceeds from advances from stockholders (Note 21)	**166,904,808**	102,704,215
Net cash flows provided by (used in) financing activities	**57,722,436**	(14,754,129)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**111,885**	(84,472)
NET DECREASE IN CASH	**(8,221,622)**	(20,022,362)
CASH AT BEGINNING OF YEAR	**21,049,381**	41,071,743
CASH AT END OF YEAR (Note 6)	**₱12,827,759**	₱21,049,381

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 12, 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. On November 18, 2021, IATF has implemented revised guidelines for the country's COVID-19 restrictions and response allowing casino operations to operate in areas under Alert Level 2.

As of the date of the auditor's report, the Parent Company has not yet resumed its full operation of the casino as a result of the PAGCOR and IATF memorandum.

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), front liners, and off-signers crew from shipping companies.

While the permit to accept leisure bookings is currently pending DOT approval, MIC is operating as Multi-Use Hotels (MUH) and is authorized to accept essential and business bookings. Banquet events that require the use of MIC facilities such as the ballroom and function rooms for events like conferences and weddings are also permitted, with strict adherence to safety protocols.

For the years ended December 31, 2021 and 2020, the Parent Company reported net losses of ₱ 918.2 million and ₱ 567.2 million, respectively, which resulted to capital deficiency of ₱1,101.6 million and ₱183.4 million as at December 31, 2021 and 2020, respectively. Furthermore, the Parent Company's current liabilities exceeded its current assets by ₱409.6 million and ₱423.8 million as at December 31, 2021 and 2020, respectively.

These conditions indicate a material uncertainty exists that may cast significant doubts on the Parent Company's ability to continue as a going concern and, therefore, that the Parent Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management will continue to carry out activities to pursue business opportunities related to its gaming, hotel, and rental operations. The Parent Company is also closely working with PAGCOR for its operations and exploring new business opportunities such as on-going renovation to increase casino floor area to accommodate more players. The Parent Company also implemented certain cost-saving measures in 2020 and 2021 to reduce its fixed and variable costs and the management will continue to implement this in 2022.

Moreover, the Parent Company's ability to continue as a going concern is dependent on the commitment to defer payment of advances from related parties and stockholders and waiver of management service fees. On July 30, 2021, a credit line facility was extended by a local bank to the Parent Company (see Note 15) and is valid until July 30, 2022. The Parent Company's stockholders and related parties undertake to provide continuing financial support to enable the Parent Company to meet its obligations as and when they fall due and there is a reasonable expectation that the adequate funding will become available when necessary. Furthermore, to promptly address the Parent Company's capital deficiency, the BOD in its resolution dated May 13, 2022, requested the principal stockholders to confirm their intention and agreement to convert the deposits for future stock subscription, aggregating to ₱2,426.5 million, into equity through the issuance of new shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements (see Note 18). Accordingly, the parent company financial statements have been prepared on a going concern basis.

Authorization for the Issuance of the Parent Company Financial Statements

The accompanying parent company financial statements as at and for the years ended December 31, 2021 and 2020 were approved and authorized for issuance by the Board of Directors (BOD) on May 13, 2022.

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. On December 1, 2021, the Parent Company has resumed its bingo operations on an invitational basis only.

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**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides 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, 2022; 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 amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

- Amendments to PFRS 9, PAS 39, 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 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.

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, 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.

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

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

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

  The Parent Company is currently assessing the impact of the amendments.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Parent Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- 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

  On December 15, 2021, the Financial Reporting Standards Council (FRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, 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 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.

  The Parent Company is still assessing the impact of the amendments.

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020 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.

Deposits for Future Stock Subscription
Deposits 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.

<u>Operating Costs and Expenses</u>
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.

<u>Gaming Fees</u>
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".

<u>Income Tax</u>
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.

<u>Retirement Benefits</u>
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. The Parent Company's stockholders and related parties undertake to provide continuing financial support to enable the Group to meet its obligations as and when they fall due and there is a reasonable expectation that the adequate funding will become available when necessary. 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.

Transfer of Investment Properties

The Parent Company has made transfers to investment properties after determining that there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment properties at the date of change in use.

In 2020, the Parent Company has an existing lease agreement with a third party to lease and convert the parking and roof-deck area of Winford Hotel and Casino into an office space for lease. In 2021, the lease agreement was terminated. Thus, the Parent Company reclassified investment properties amounting to ₱714.8 million from investment properties to property and equipment (see Notes 11, 12 and 17).

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, 2021 and 2020, 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, 2021 and 2020 amounted to ₱218.4 million and ₱215.7 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 ₱461.5 million and ₱535.2 million as at December 31, 2021 and 2020, 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 2021 and 2020. The carrying value of property and equipment and investment properties as of December 31, 2021 and 2020 are disclosed in Notes 11 and 12 to the parent company financial statements, respectively.

Impairment of Property and Equipment and Investment Properties (in 2020)
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 in 2020, 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, 2021 and 2020. The net book values of the Parent Company's property and equipment and investment properties amounted to ₱4,288.4 million and nil million, respectively, as of December 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 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 ₱13.4 million is recoverable within the next 12 months from the reporting date and non-current portion amounting to ₱100.1 million is recoverable for the years thereafter (see Note 9). In 2021, due to the termination of the lease agreement with a third party, which is expected to generate revenues subject to output VAT, the Parent Company recorded an impairment loss amounting to ₱360.8 million (see Notes 9 and 17).

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**

	2021	2020
Cash on hand	**₱2,170,124**	₱1,910,279
Cash in banks	**10,657,635**	19,139,102
	₱12,827,759	₱21,049,381

Cash in banks generally earns interest at the respective bank deposit rates.

Interest income earned from cash in banks amounted to ₱35,536 and ₱127,046 in 2021 and 2020, respectively.

7. Receivables

	2021	2020
Trade:		
Non-related parties	**₱97,082,820**	₱67,149,684
Related parties (Note 21)	**418,347**	418,347
Nontrade (Note 11)	**125,681,357**	125,681,357
Advances to related parties (Note 21)	**97,158,358**	114,441,618
Receivable arising from PTO related to:		
Gaming equipment (Note 17)	**89,949,636**	80,983,264
Gaming facility	**21,786,996**	27,839,504
Advances to employees	**6,164,189**	3,246,805
	438,241,703	419,760,579
Less: Allowance for ECL	**(218,371,967)**	(215,677,757)
	₱219,869,736	₱204,082,822

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.

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, 2021 and 2020:

	2021	2020
Balance at beginning of year	**₱215,677,757**	₱229,124,817
Provision (see Note 24)	**2,694,210**	7,961,475
Reversals	**–**	(21,408,535)
	₱218,371,967	₱215,677,757

In 2020, the Parent Company received partial payment of ₱4.4 million for a previously impaired receivables from TSLC amounting to ₱21.4 million. Consequently, the Parent Company assessed to reverse the allowance as it now expects to collect the full amount of the receivable. In 2021, the Parent Company collected the remaining balance of the said receivable.

8. Inventories

	2021	2020
At cost:		
Operating supplies	**₱11,678,280**	₱15,784,488
Food, beverage, and tobacco	**3,783,153**	4,421,866
	₱15,461,433	₱20,206,354

Operating supplies include cards, seals and dice.

No allowance for inventory obsolescence was recognized as at December 31, 2021 and 2020.

9. Input VAT

	2021	2020
Input VAT – current	**₱13,405,199**	₱10,927,769
Noncurrent:		
Input VAT - noncurrent	**447,327,279**	427,061,029
Deferred input VAT	**13,515,163**	13,728,189
	460,842,442	440,789,218
Less: Allowance for impairment of input VAT	**360,760,403**	–
	100,082,039	440,789,218
	₱113,487,238	₱451,716,987

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.

Allowance for Impairment of Input VAT
In 2021, the Parent Company recognized allowance for impairment of input VAT amounting to ₱360.8 million.

10. Other Current Assets

	2021	2020
Restricted cash (Note 15)	**₱68,113,713**	₱103,562,631
Prepayments	**14,443,024**	5,590,782
CWT	**8,175,059**	4,920,241
	₱90,731,796	₱114,073,654

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 ₱0.2 million and ₱2.0 million in 2021 and 2020, respectively.

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

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

11. **Property and Equipment**

	2021					
	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**	**₱639,907,811**	**₱5,427,354,364**
Additions	**–**	**12,726,983**	**7,483,019**	**470,033**	**525,248**	**21,205,283**
Transfers from investment properties (Note 12)	**–**	**714,790,600**	**–**	**–**	**–**	**714,790,600**
Balance at end of year	**600,800,000**	**4,226,307,936**	**229,182,425**	**466,626,827**	**640,433,059**	**6,163,350,247**
Accumulated depreciation						
Balance at beginning of year	**–**	**536,976,508**	**100,146,327**	**396,672,103**	**627,438,855**	**1,661,233,793**
Depreciation (Note 24)	**–**	**120,206,830**	**22,086,928**	**62,929,459**	**8,443,494**	**213,666,711**
Balance at end of year	**–**	**657,183,338**	**122,233,255**	**459,601,562**	**635,882,349**	**1,874,900,504**
Net book value	**₱600,800,000**	**₱3,569,124,598**	**₱106,949,170**	**₱7,025,265**	**₱4,550,710**	**₱4,288,449,743**

	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

As of December 31, 2021 and 2020, land and building, presented as part of property and equipment and investment properties, 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 ₱743.7 million and ₱725.4 million as of December 31, 2021 and 2020, 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, 2021 and 2020, respectively (see Note 7).

As of December 31, 2021 and 2020, the Parent Company 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 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.

In 2021 and 2020, 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 assessment, 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 (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.

In 2021, as a result of cancellation of the lease agreement with a third party, the Parent Company reclassified the investment properties amounting to ₱714.8 million to “Property and equipment” account (see Note 11).

Details of the carrying amount of investment properties are shown below:

	2021	2020
Cost		
Balance at beginning of year	**₱781,802,218**	₱781,802,218
Transfers to property and equipment (Note 11)	**(714,790,600)**	–
Balance at end of year	**67,011,618**	781,802,218
Accumulated Depreciation		
Balance at beginning of year	**37,228,677**	7,445,736
Depreciation (Note 24)	**29,782,941**	29,782,941
Balance at end of year	**67,011,618**	37,228,677
Net Book Value	**₱–**	₱744,573,541

No rental income was recognized in 2021 and 2020. Operating expenses related to the investment properties amounted to ₱8.2 million and ₱8.0 million in 2021 and 2020 respectively, which pertains mainly to real property taxes. There were no significant repairs and maintenance made to maintain the Parent Company's investment properties in 2021 and 2020.

Fair Market Values
As at December 31, 2020, the aggregate fair value of the Parent Company's investment properties amounted to ₱749.4 million. Fair values of the investment properties as of April 28, 2021 have been determined based on valuation performed by qualified independent professional appraisers using cost approach for building. This means that valuations performed by qualified independent appraisers are depreciated replacement cost which is based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. An estimate in calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources and adding the indirect costs attributed to the improvement has been made. This is included under Level 3 of the fair value hierarchy.

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.

In 2020, 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 assessment on investment properties, no impairment loss was recognized in 2020.

13. **Other Noncurrent Assets**

	2021	2020
Receivable arising from PTO related to gaming equipment - net of current portion (Note 17)	**₱241,616,356**	₱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	**990,469**	1,803,390
Investment in a subsidiary (Note 1)	**–**	–
	₱253,653,542	₱343,958,008

Long-term deposits pertain to guarantee payment for utility bills.

Investment in a subsidiary represents the Parent Company's investment in TSLC carried at cost, which has been fully provided with allowance for impairment due to non-operation (see Note 1).

Movement in operating equipment follows:

		2021		
	Utensils	**Linens**	**Uniforms**	**Total**
Cost				
Balance at beginning of year	**₱23,562,076**	**₱72,633,142**	**₱4,925,713**	**₱101,120,931**
Additions	**–**	**–**	**2,036**	**2,036**
Balance at end of year	**23,562,076**	**72,633,142**	**4,927,749**	**101,122,967**
Accumulated amortization				
Balance at beginning of year	**23,562,076**	**71,143,836**	**4,611,629**	**99,317,541**
Amortization (Note 24)		**631,485**	**183,472**	**814,957**
Balance at end of year	**23,562,076**	**71,775,321**	**4,795,101**	**100,132,498**
Net book value	**₱–**	**₱857,821**	**₱132,648**	**₱990,469**

		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

14. **Accounts Payable and Other Current Liabilities**

	2021	2020
Accounts payable	**₱360,220,378**	₱364,240,946
Accrued expenses	**236,819,853**	155,861,011
Gaming liabilities	**48,156,968**	39,147,990
Taxes payable	**18,241,546**	4,507,968
Contract liabilities	**16,099,010**	16,558,725
Advances from related parties (Note 21)	**4,982,104**	4,982,104
Others	**21,793,652**	22,646,799
	₱706,313,511	₱607,945,543

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.

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.

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 ₱14.7 million and ₱4.1 million in 2021 and 2020, respectively.

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**

	2021	2020
Principal	**₱2,307,900,000**	₱2,307,900,000
Less unamortized debt discount	**(17,942,423)**	(15,117,333)
	2,289,957,577	2,292,782,667
Less current portion of long-term debt	**–**	(138,039,293)
	₱2,289,957,577	₱2,154,743,374

The movements in the principal balance of loans payable are as follows:

	2021	2020
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 the unamortized debt discount are as follows:

	2021	2020
Unamortized debt discount at beginning of year	**₱15,117,333**	₱17,362,110
Additions*	**6,011,948**	1,966,404
Amortization	**(3,186,858)**	(4,211,181)
Unamortized debt discount at end of year	**₱17,942,423**	₱15,117,333

**This includes adjustments related to loan contract modification.*

Future repayment of the principal as follows:

	2021	2020
Within one year	**₱–**	₱141,300,000
After one year but not more than five years	**2,307,900,000**	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 were 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 loan proceeds were used to refinance the outstanding balance of its ₱3.5 billion loan, fund the Parent Company's debt service accounts and finance 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.

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).

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, 2021, 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 in 2023 based on 2022 parent company financial statements.

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. Total modification gain, recognized as part of "Interest expense and other financing charges" in the 2021 and 2020 parent company statements of comprehensive income, as a result of these modifications amounted to ₱6.1 million and ₱0.9 million, respectively.

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 ₱68.1 million and ₱103.6 million as of December 31, 2021 and 2020, respectively, are presented under "Other current assets" as "Restricted cash" (see Note 10).

The related interest recognized from the loans amounted to ₱144.2 million and ₱144.7 million in 2021 and 2020, respectively. Total interest paid amounted to ₱144.7 million and ₱130.1 million in 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 2020), with an aggregate carrying value of ₱4.2 billion and ₱4.3 billion as of December 31, 2021 and 2020, respectively (see Notes 11 and 12).

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 credit line facility remains unused as of date, and valid until July 31, 2022 unless further extended or renewed by the bank.

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 2021, 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):

	2021	2020
Current service cost	**₱866,352**	₱844,346
Interest cost	**123,762**	497,251
	₱990,114	₱1,341,597

Movements in the cumulative actuarial gain in the parent company statements of comprehensive income are as follows:

	2021	2020
Balance at beginning of year	**₱7,999,567**	₱287,204
Actuarial gain recognized in other comprehensive income	**71,428**	7,712,363
	₱8,070,995	₱7,999,567

The movements in the retirement liability are as follows:

	2021	2020
Balance at beginning of year	**₱3,173,394**	₱9,544,160
Total retirement expense	**990,114**	1,341,597
Defined benefit income recognized in OCI	**(71,428)**	(7,712,363)
Balance at end of year	**₱4,092,080**	₱3,173,394

Movement in defined benefit obligation are as follows:

	2021	2020
Balance at beginning of year	**₱3,173,394**	₱9,544,160
Current service cost	**866,352**	844,346
Interest cost	**123,762**	497,251
Actuarial loss (gain) on:		
Changes in financial assumptions	**(589,754)**	123,239
Changes in demographic assumptions	**727,976**	–
Experience adjustments	**(209,650)**	(7,835,602)
Balance at end of year	**₱4,092,080**	₱3,173,394

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:

	2021	2020
Discount rate	**5.11%**	5.21%
Salary increase rate	**4.00%**	5.00%

The latest actuarial valuation made for the plan was as of December 31, 2021.

As of December 31, 2021, discount rate and salary increase rate are 5.11% 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, 2021 and 2020 are as follows:

	2021	2020
Less than one year	**₱–**	₱–
One to less than five years	**766,356**	736,026
Five to less than ten years	**6,421,448**	2,451,901
Ten years and above	**23,668,426**	25,897,525
	₱30,856,230	₱29,085,452

The average duration of the expected benefit payments as of December 31, 2021 and 2020 is 23.8 years and 25.2 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		
	(10.0%) (Actual + 100 basis points (bps)	(₱408,441)
	11.7% (Actual - 100 bps)	478,846
Salary increase rate		
	11.7% (Actual + 100 bps)	₱479,394
	10.2% (Actual – 100 bps)	(416,169)

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 ₱182.3 million in 2021 and ₱225.1 million in 2020, 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 ₱81.0 million and ₱72.1 million in 2021 and 2020, respectively. Accordingly, revenue share in gaming operations for the year ended December 31, 2021 and 2020, presented in the parent company statements of comprehensive income, amounted to ₱101.3 million and ₱153.0 million, respectively.

The details of the revenue share in gaming operations are as follows:

	2021	2020
Revenue share from gaming operations related to:		
Gaming facility	**₱61,868,494**	₱106,629,088
Gaming equipment	**39,466,272**	46,340,995
	₱101,334,766	₱152,970,083

The future minimum collection related to the gaming equipment follows:

	2021	2020
Within one year	**₱120,516,935**	₱120,429,069
After one year but not more than five years	**273,992,073**	364,869,513
More than five years	**10,687,489**	39,660,666
	405,196,497	524,959,248
Less: unamortized portion of discount	**(73,630,505)**	(112,868,083)
	331,565,992	412,091,165
Less: current portion (Note 7)	**(89,949,636)**	(80,983,264)
Noncurrent portion (Note 13)	**₱241,616,356**	₱331,107,901

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 January 1, 2020 and has a basic monthly rental fee of ₱11,200 inclusive of electrical consumption and VAT. In January 2021, the same lease contract was amended to a basic monthly rent of ₱8,000 without escalation, inclusive of 12% VAT. The contract has been renewed in 2020 and expired on December 31, 2021. In 2022, CTBC is processing the renewal of its lease agreement.

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, the Parent Company has waived the basic rental payments and changed the percentage rental to 7% of dine-in sales and still applicable in 2021.

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 2021, due to the effects of the COVID-19 pandemic in 2020, 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 February 2021 to June 1, 2021 then resumed back to the original rental rate.

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 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 2021, due to the effects of the COVID-19 pandemic in 2020, the Parent Company has waived the basic rental payments valid from July 2021 to December 2021 or until the store opens, whichever occur first. In 2022, Philippine Seven Corporation is processing the renewal of its lease agreement.

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 shall commence on January 1, 2021. 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 resumed to the original agreement in 2021.

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. In 2021, due to difficulties encountered during the COVID-19 pandemic, MPI terminated the lease agreement and the related security deposit amounting to ₱34.6 million was recognized as income under "Other revenue" in the parent company statements of comprehensive income. No rental income was recognized in 2021 and 2020.

n. In, 2021, the Parent Company also entered into an agreement of lease with Urban Group Health Ventures Inc. for five years renewable to lease a 40.76 sqm. area of Winford Hotel and Casino. The lease is payable at a monthly rate amounting to ₱114,128, inclusive of withholding taxes and VAT and 10% escalation fee annually.

o. In 2021, the Parent Company also entered into an agreement of lease with DITO Telecommunity Corporation for five years to lease a 4.93 sqm. area of Winford Hotel and Casino to be used as telecommunication site. The lease is payable at a monthly rate amounting to ₱29,580, inclusive of withholding taxes and VAT and 5% escalation fee on fifth year thereafter.

The estimated future minimum lease collections for the above agreements are as follows:

	2021	2020
Within one year	**₱4,238,347**	₱4,111,337
After one year but not more than five years	**17,912,530**	543,462,011
Five years onwards	–	784,635,314
	₱22,150,877	₱1,332,208,662

Rent income amounted to ₱6.1 million and ₱12.1 million in 2021 and 2020, respectively. Interest expense on the security deposit amounted to ₱1.2 million and ₱1.1 million in 2021 and 2020, 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 2021 and 2020 under these agreements amounted to ₱28.7 million and ₱6.3 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. Deposits 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, 2021 and 2020, in accordance with FRB No. 6 as issued by the SEC.

On September 29, 2021, the Parent Company received a letter from the Philippine Stock Exchange (PSE) giving the Parent Company until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, the Parent Company was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned.

On May 13, 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements (see 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 ₱7,116 and ₱26,110 in 2021 and 2020, respectively.

As of December 31, 2021 and 2020, 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, 2021 and 2020, net unrecognized deferred tax assets from its operations other than gaming are composed of the following:

	2021	2020
Deferred tax assets:		
Net operating loss carry over (NOLCO)	**₱433,446,884**	₱583,041,155
Allowance for impairment loss of input VAT	**90,190,101**	–
Allowance for ECL	**54,592,992**	64,703,327
Allowance for impairment on investment in subsidiary	**5,000,000**	6,000,000
Unearned income	**3,492,997**	5,975,748
Customer deposits	**375,055**	1,315,592
Retirement liability	**776,505**	744,674
	587,874,534	661,780,496
Deferred tax liabilities:		
Deferred rent income	**749,180**	920,367
Unrealized foreign exchange gain	**169,675**	170,046
Unrealized gain on loan modification	**1,750,706**	268,113
	2,669,561	1,358,526
	₱585,204,973	₱660,421,970

As of December 31, 2021, the details of NOLCO is as follows:

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, 2021, 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
2018	₱701,678,755	₱–	(₱701,678,755)	₱–	2021
2019	719,221,396	–	–	719,221,396	2022
	₱1,420,900,151	₱–	(₱701,678,755)	₱719,221,396	

As of December 31, 2021, the Parent Company has incurred NOLCO in taxable year 2021 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
2021	–	491,995,775	–	491,995,775	2026
	₱522,570,365	₱491,995,775	₱–	₱1,014,566,140	

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:

	2021	2020
Benefit from income tax based on accounting income before income tax	**(₱229,557,265)**	(₱170,142,989)
Additions to (reductions in) income tax resulting from tax effects of:		
Expired NOLCO	**175,419,689**	228,608,796
Movement in unrecognized deferred tax assets	**34,853,329**	(75,547,730)
Loss (income) from gaming operations exempt from income tax	**18,595,613**	17,781,969
Nondeductible expenses (nontaxable income) and others	**752,756**	(58,602)
Interest income subjected to final tax	**(57,006)**	(615,334)
Provision for income tax	**₱7,116**	₱26,110

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
President Rodrigo Duterte signed into law on March 26, 2021 the (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 took 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.

The reduction in tax rates under CREATE Act has no significant impact to the parent financial statements as of and for the year ended December 31, 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. Outstanding balances are generally settled through cash.

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
	2021	2020	**2021**	2020			
Subsidiary							
TSLC	**₱17,283,260**	(₱4,301,282)	**₱97,158,358**	₱114,441,618	Advances to related parties	Non-interest bearing	Unsecured, unguaranteed
Stockholder Manila Jockey Club, Inc. (MJCI)							
Deposit for future stock subscription (Note 18)	–	–	**(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**	418,347	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Various Shareholders Deposit for future stock subscription (Note 18)	–	–	**(2,105,268,102)**	(2,105,268,102)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed

(Forward)

Party	Amount/Volume 2021	Amount/Volume 2020	Receivable (Payable) 2021	Receivable (Payable) 2020	Financial Statements Account	Terms	Conditions
Advances from stockholders [(d)]	**₱166,904,808**	₱102,704,215	**(₱613,190,035)**	(₱446,285,227)	Advances from stockholders	Interest-bearing and non-interest bearing	Unsecured, unguaranteed
Interest payable on advances from stockholders [(e)]	**18,390,553**	13,534,528	**(33,548,692)**	(15,158,139)	Interest payable	Non-interest bearing;	Unsecured, unguaranteed
			₱2,426,501,748	₱2,426,501,748	Deposit for future stock subscription		
			97,158,358	114,441,618	Advances to related parties		
			(4,982,104)	(4,982,104)	Advances from related parties		
			418,347	418,347	Receivable		
			613,190,035	446,285,227	Advances from stockholders		
			33,548,692	15,158,139	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 ₱1,684,715 and ₱9,970,642 in 2021 and 2020, 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 ₱16.2 million and ₱26.5 million as of December 31, 2021 and 2020, respectively. The compensations are short-term employee benefits.

The Parent Company has no standard arrangement with regard to the remuneration of its directors. In 2021 and 2020, the BOD received directors' fees aggregating to ₱0.7 million and ₱0.9 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 2021 and 2020.

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.

As discussed in Note 18, on September 29, 2021, the Parent Company received a letter from the Philippine Stock Exchange (PSE) giving the Parent Company until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, the Parent Company was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned. On May 13, 2022, the BOD of the

Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements.

23. Basic/Diluted Loss Per Share

	2021	2020
Net loss	**₱918,236,174**	₱567,169,408
Divided by weighted average number of outstanding common shares	**3,174,405,821**	3,174,405,821
Basic/diluted losses per share	**₱0.289**	₱0.179

The Parent Company has no potential dilutive common shares as of December 31, 2021 and 2020. Therefore, the basic and diluted loss per share are the same as of those dates.

24. Operating Costs and Expenses

	2021	2020
Provision for impairment of input VAT (Note 9)	**₱360,760,403**	₱–
Depreciation and amortization (Notes 11, 12 and 13)	**244,264,609**	280,288,947
Utilities	**61,962,111**	57,545,363
Salaries and wages	**56,780,946**	64,666,181
Taxes and licenses	**45,840,076**	51,348,115
Repairs and maintenance	**39,904,956**	40,398,581
Contracted services	**32,670,874**	31,727,740
Service fee (Note 17)	**28,651,071**	6,253,571
Security services	**22,375,035**	20,028,847
Advertising and marketing	**16,259,156**	18,437,847
Transportation and travel	**10,100,900**	6,140,923
Food, beverage, and tobacco	**9,568,933**	13,462,213
Hotel room and supplies	**9,124,380**	11,885,174
Insurance	**8,616,070**	8,302,163
Communication	**7,501,339**	7,268,015
Professional fees	**6,599,954**	7,782,520
Provision for ECL (Note 7)	**2,694,210**	7,961,475
Supplies	**1,689,081**	1,359,687
Meetings and conferences	**1,322,813**	1,401,096
Retirement (Note 16)	**990,114**	1,341,597
Gaming fees (Note 2)	**941,320**	5,688,253
Directors' fees (Note 21)	**719,000**	867,000
Entertainment	**127,778**	2,693,856
Commission	**97,458**	1,352,842
Rent	**74,110**	1,561,643
Banquet expenses	**36,921**	4,254,816
Others	**6,441,109**	10,192,423
	₱976,114,727	₱664,210,888

25. **Operating Segment Information**

The Parent Company has two operating segments in 2021 and 2020. 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, 2021 and 2020 are as follows:

		2021	
	Gaming	**Non-gaming**	**Total**
Revenue	**₱102,979,152**	**₱117,007,148**	**₱219,986,300**
Operating costs and expenses	**(186,221,363)**	**(789,893,364)**	**(976,114,727)**
Other expenses – net	**–**	**(162,100,631)**	**(162,100,631)**
Provision for income tax	**–**	**(7,116)**	**(7,116)**
Net loss	**(₱83,242,211)**	**(₱834,993,963)**	**(₱918,236,174)**

		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 income (loss)	(₱59,273,229)	(₱507,896,179)	(₱567,169,408)

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, 2021 and 2020 are as follows:

		2021	
	Gaming	**Non-gaming**	**Total**
Assets	**₱1,441,164,918**	**₱3,553,316,329**	**₱4,994,481,247**
Liabilities	**874,988,201**	**5,221,075,396**	**6,096,063,597**
Capital expenditures	**2,916,959**	**18,108,324**	**21,025,283**
Interest income	**–**	**256,488**	**256,488**
Depreciation and amortization	**61,368,792**	**182,895,815**	**244,264,607**

		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

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"), 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, 2021 and 2020 as follows:

	2021	2020
At amortized cost/loans and receivables:		
Cash* (Note 6)	**₱10,657,635**	₱19,139,102
Receivables** (Note 7)	**213,705,547**	200,836,017
Long-term deposits (Note 13)	**6,267,386**	6,267,386
Receivable arising from PTO related to gaming equipment - net of current portion (Note 13)	**241,616,356**	331,107,901
	₱472,246,924	₱557,350,406

**Excluding cash on hand amounting to ₱2,170,124 and ₱1,910,279 as of December 31, 2021 and, 2020, respectively.*
***Excluding advances to employees amounting to ₱6,164,189 and ₱3,246,805 as of December 31, 2021 and, 2020, respectively.*

As of December 31, 2021, and 2020, the aging analysis of receivables is as follows:

			Past due but not impaired					
2021	**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	**₱97,082,820**	**₱13,111,575**	**₱6,167,698**	**₱8,929,691**	**₱2,810,312**	**₱–**	**₱55,487,112**	**₱10,576,432**
Related parties	**418,347**	**418,347**	–	–	–	–	–	–
Nontrade	**125,681,357**	–	–	–	–	–	**15,299,440**	**110,381,917**
Advances to related parties	**97,158,358**	–	–	–	–	–	–	**97,158,358**
Receivable arising from PTO	**353,352,988**	**353,134,480**	–	–	–	–	**218,508**	–
	₱673,693,870	**₱366,664,402**	**₱6,167,698**	**₱8,929,691**	**₱2,810,312**	**₱–**	**₱71,005,060**	**₱218,116,707**

2020	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	₱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

The table below shows the credit quality of the Parent Company's neither past due nor impaired receivables as of December 31, 2021 and 2020, based on the Parent Company's experience with its debtor's ability to pay:

	2021			
	Grade A	**Grade B**	**Grade C**	**Total**
Trade:				
Non-related parties	**₱7,540,943**	**₱5,262,944**	**₱307,688**	**₱13,111,575**
Related parties	**418,347**	**–**	**–**	**418,347**
Receivable arising from PTO	**353,134,480**	–	–	**353,134,480**
	₱361,093,770	**₱5,262,944**	**₱307,688**	**₱366,664,402**

	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

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, 2021 and 2020 based on contractual undiscounted payments.

	2021			
	Due and Demandable	**Less than 1 year**	**1 year or above**	**Total**
Loans payable*	**₱–**	**₱–**	**₱2,289,957,577**	**₱2,289,957,577**
Accounts payable and other current liabilities**	**4,982,104**	**677,178,048**	**–**	**682,160,152**
Retention payable	**49,005**	**–**	**–**	**49,005**
Interest payable	**–**	**51,445,063**	**–**	**51,445,063**
Advances from stockholders*	**–**	**345,204,623**	**266,300,697**	**611,505,320**
	₱5,031,109	**₱1,073,827,734**	**₱2,556,258,274**	**₱3,635,117,117**

**Including interest payable.*
***Excluding contract liabilities and withholding taxes payable amounting to ₱16,099,010 and ₱6,258,810, respectively.*

	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.*

The following tables show the profile of financial assets used by the Parent Company to manage its liquidity risk:

	2021			
	Due and Demandable	**Less than 1 year**	**1 year or above**	**Total**
At amortized cost:				
Cash	**₱12,827,759**	**₱–**	**₱–**	**₱12,827,759**
Receivables	**22,205,344**	**191,500,203**	**241,616,356**	**455,321,903**
Long-term deposits	**–**	**–**	**6,267,386**	**6,267,386**
	₱35,033,103	**₱191,500,203**	**₱247,883,742**	**₱474,417,048**

	2020			
	Due and Demandable	Less than 1 year	1 year or above	Total
At amortized cost:				
Cash	₱21,049,381	₱–	₱–	₱21,049,381
Receivables	80,371,200	120,521,377	331,107,900	532,000,477
Long-term deposits	–	–	6,267,386	6,267,386
	₱101,420,581	₱120,521,377	₱337,375,286	₱559,317,244

As discussed in Note 18, on May 13, 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements.

Fair Value Measurement

The carrying values of cash, receivables, 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:

	2021		2020	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Receivable arising from PTO related to gaming equipment	**₱331,565,992**	**₱381,328,949**	₱412,091,165	₱498,257,876
Long-term deposits	**6,267,386**	**6,267,386**	6,267,386	6,267,386
	₱337,833,378	**₱387,596,335**	₱418,358,551	₱504,525,262

	2021		2020	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Liabilities				
Advances from stockholders	**₱613,190,035**	**₱613,190,035**	₱447,908,838	₱455,805,365
Loans payable	**2,289,957,577**	**2,289,957,577**	2,292,782,667	2,292,782,667
	₱2,903,147,612	**₱2,903,147,612**	₱2,740,691,505	₱2,748,588,032

As of December 31, 2021, and 2020, 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, 2021 and 2020.

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 ₱1.3 billion and ₱2.2 billion as its capital as of December 31, 2021 and 2020, 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:

	2021	2020
Total current assets	**₱352,295,923**	₱370,339,980
Total current liabilities	**761,879,358**	794,152,391
Current ratio	**0.46**	0.47
Total liabilities, excluding deposits for future stock subscription	**₱3,669,561,849**	₱3,422,697,174
Total equity	**1,324,919,398**	2,243,084,149
Debt-to-equity ratio	**2.77**	1.53

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. Note to Parent Company Statements of Cash Flows

Changes in liabilities arising from financing activities

	December 31, 2020	**Cash flows**	**Others***	**December 31, 2021**
Loans payable	**₱2,292,782,667**	**–**	**(₱2,825,090)**	**₱2,289,957,577**
Advances from stockholders	**436,314,585**	**166,904,808**	**8,285,927**	**611,505,320**
Restricted cash	**(103,562,631)**	**35,448,918**	**–**	**(68,113,713)**
Interest payable	**40,233,541**	**(144,631,290)**	**52,942,686**	**51,445,063**
Total liabilities from financing activities	**₱2,665,768,162**	**₱57,722,436**	**₱58,403,523**	**₱2,884,794,247**

**Others include accrual of interest from interest-bearing loans and advances from stockholders, other financing charges and accretion of loans payable.*

	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 and advances from stockholders, other financing charges and accretion of loans payable.*

29. Other Matter

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 virus as a global pandemic. On March 13, 2020, the Office of the President of the Philippines issued a directive imposing stringent social distancing measures in the National Capital Region effective March 15, 2020. In a move to contain the COVID-19 outbreak, on March 16, 2020, the Office of the President of the Philippines issued Proclamation No. 929, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020 which was subsequently extended until May 15, 2020. On May 12, 2020, this was further extended into a modified enhanced community quarantine, wherein certain implementing rules have been relaxed.

The community quarantine classification was subsequently extended or changed as follows:

Classification	Effectivity
General community quarantine	June 1 – August 1, 2020
Modified enhanced community quarantine	August 2 – 18, 2020
General community quarantine	August 19, 2020 – March 27, 2021
Enhanced community quarantine	March 28, 2021 – April 11, 2021
Modified enhanced community quarantine	April 12, 2021 – May 31, 2021
General community quarantine	June 1, 2021 – July 31, 2021
Modified enhanced community quarantine	August 1, 2021 – August 5, 2021
Enhanced community quarantine	August 6, 2021 – August 20, 2021
Modified enhanced community quarantine	August 21, 2021 – September 7, 2021
General community quarantine	September 8, 2021 – September 30, 2021
Alert level 4	October 1, 2021 – October 15, 2021
Alert level 3	October 16, 2021 – November 4, 2021
Alert level 2	November 5, 2021 – January 2, 2022
Alert level 3	January 3, 2022 – January 30, 2022
Alert level 2	February 1, 2022 – February 28, 2022
Alert level 1	March 1, 2022 – March 31, 2022

These measures have caused disruptions to most businesses and significant increase in economic uncertainty. Due to the Company's nature of business, these measures have significant impact on its financial position and performance as at and for the years ended December 31, 2021 and 2020. The Company will continue to monitor the situation.

30. **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, 2021.

a. The Parent Company has VAT output tax declaration of ₱9.3 million in 2021 based on the amount reflected in the revenue from hotel and food and beverage and other revenue arising from sale of tobacco amounting to ₱77.1 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	₱424,350,452
Purchases of:	
Goods other than for resale	5,810,355
Services lodged under other accounts	22,472,436
Claims for tax credit/refund and other adjustments	–
Balance at end of the year	₱452,633,243

b. Other taxes and licenses

Details consist of the following:

National	
Filing and listing fees	₱ 874,159
Documentary stamp taxes	1,329,399
Public performance license	118,970
Custom duties and taxes	13,135
BIR registration	3,000
	2,338,663
Local	
Real property tax	42,067,347
Business permit	745,229
PEZA permit	279,982
Inspection fee	295,107
Barangay clearance certificate	23,000
Notarial services	10,105
Hotel permit	1,000
Others	79,641
	43,501,412
Total	₱45,840,076

The Parent Company incurred franchise tax amounting to ₱12.0 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 2021 are as follows:

Expanded withholding taxes	₱7,739,462
Withholding taxes on compensation	3,189,060
Final withholding tax	848,590
Total	₱11,777,112

Tax Assessments or Tax Cases

The Parent Company has no outstanding tax assessments with the BIR or pending tax cases in any courts or bodies outside of the BIR as at December 31, 2021.

b. Other taxes and licenses

Details consist of the following:

National	
Filing and listing fees	₱ 874,159
Documentary stamp taxes	1,329,399
Public performance license	118,970
Custom duties and taxes	13,135
BIR registration	3,000
	2,338,663
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Notarial services	10,105
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Others	79,641
	43,501,412
Total	₱45,840,076

The Parent Company incurred franchise tax amounting to ₱12.0 million from its gaming operations and is offset against "Revenue share in gaming operations" account.

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Final withholding tax	848,590
Total	₱11,777,112

Tax Assessments or Tax Cases

The Parent Company has no outstanding tax assessments with the BIR or pending tax cases in any courts or bodies outside of the BIR as at December 31, 2021.

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] 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
corporate@rtdslaw.com.ph	8631-2846	09359807539

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
433	11/12	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
Lemuel M. Santos	corporate@rtdslaw.com.ph	(02) 8687-9889	(+63) 935-980-7539

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, 2021, 2020 and 2019, 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 this 16th day of May 2022, in Pasig City, affiant exhibiting to me:

Affiant	TIN
Alfonso R. Reyno, Jr.	114-555-166
Jose Alvaro D. Rubio	109-945-552

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 87 (2020-2021)
EXTENDED UP TO JUNE 30, 2022
PER SC RESOLUTION B. M. NO. 3795
(Re: Request for Extension of
Existing Notarial Commission)
PTR No. 8132084/1-21-2022/PASIG
IBP No. 199958/1-19-2022/MAKATI
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY NO. 57018

Doc. No. 160;
Page No. 33;
Book No. X;
Series of 2022.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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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, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in capital deficiency and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 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 ₱918.3 million, ₱589.0 million and ₱642.1 million in 2021, 2020 and 2019, respectively, resulting to a capital deficiency of ₱1,101.1 million and ₱182.9 million as at December 31, 2021 and 2020, respectively. 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 ₱409.1 million and ₱423.4 million as at December 31, 2021 and 2020, 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

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. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment amounting to ₱4,288.5 million as at December 31, 2021. 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 involves significant management judgment, estimation and assumptions about forecasted cashflows, revenue growth, long-term growth rate 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 disclosures on property and equipment are included in Notes 5 and 11 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 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.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17A for the year ended December 31, 2021 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20 IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2021, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not 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 audit or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 Gaile A. Macapinlac.

SYCIP GORRES VELAYO & CO.

Gaile A. Macapinlac

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
Tax Identification No. 205-947-572
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1621-AR-1 (Group A)
November 11, 2019, valid until November 10, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-126-2019, November 27, 2019, valid until November 26, 2022
PTR No. 8854320, January 3, 2022, Makati City

May 13, 2022

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	
	2021	2020
Current Assets		
Cash (Note 6)	**₱12,827,775**	₱21,049,397
Receivables (Note 7)	**219,901,860**	204,083,822
Inventories (Note 8)	**15,461,433**	20,206,354
Input value-added tax (VAT) - current (Note 9)	**13,405,199**	10,931,369
Other current assets (Note 10)	**91,278,053**	114,073,654
Total Current Assets	**352,874,320**	370,344,596
Noncurrent Assets		
Property and equipment (Note 11)	**4,288,449,743**	3,766,120,571
Input VAT - net of current portion (Note 9)	**100,082,039**	440,789,218
Investment properties (Note 12)	**–**	744,573,541
Other noncurrent assets (Note 13)	**253,689,731**	344,061,052
Total Noncurrent Assets	**4,642,221,513**	5,295,544,382
TOTAL ASSETS	**₱4,995,095,833**	₱5,665,888,978
LIABILITIES AND CAPITAL DEFICIENCY		
Current Liabilities		
Accounts payable and other current liabilities (Note 14)	**₱706,430,625**	₱607,524,451
Interest payable (Notes 15 and 21)	**51,445,063**	40,233,541
Retention payable (Note 11)	**4,120,784**	7,934,014
Current portion of loans payable (Note 15)	**–**	138,039,293
Total Current Liabilities	**761,996,472**	793,731,299
Noncurrent Liabilities		
Deposit for future stock subscription (Notes 18 and 21)	**2,426,501,748**	2,426,501,748
Loans payable - net of current portion (Note 15)	**2,289,957,577**	2,154,743,374
Advances from stockholders (Note 21)	**611,505,320**	436,314,585
Other noncurrent liabilities (Notes 16 and 17)	**6,219,594**	37,486,824
Total Noncurrent Liabilities	**5,334,184,239**	5,055,046,531
Total Liabilities	**6,096,180,711**	5,848,777,830
Capital Deficiency		
Capital stock (Note 22)	**3,174,405,821**	3,174,405,821
Deficit	**(4,283,561,694)**	(3,365,294,240)
Cumulative actuarial gains on retirement liability (Note 16)	**8,070,995**	7,999,567
Net Capital Deficiency	**(1,101,084,878)**	(182,888,852)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	**₱4,995,095,833**	₱5,665,888,978

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		
	2021	2020	2019
REVENUE			
Revenue share in gaming operations (Note 17)	**₱101,334,766**	₱152,970,083	₱494,548,180
Hotel	**52,181,980**	24,059,292	67,402,013
Food and beverage	**19,394,027**	19,042,942	86,018,597
Rental (Note 17)	**6,069,503**	12,096,250	25,057,408
Bingo operations	**1,644,386**	8,915,161	51,497,934
Other revenue (Note 17)	**39,361,638**	4,275,109	18,637,766
	219,986,300	221,358,837	743,161,898
OPERATING COSTS AND EXPENSES (Note 24)	**(976,207,631)**	(664,389,033)	(1,199,566,612)
OPERATING LOSS	**(756,221,331)**	(443,030,196)	(456,404,714)
OTHER INCOME (EXPENSES)			
Interest expense and other financing charges (Notes 15, 17 and 21)	**(162,510,644)**	(148,507,290)	(201,271,813)
Interest income (Notes 6 and 10)	**256,488**	2,138,149	316,379
Gain on sale of kitchen and bar equipment (Note 11)	–	–	13,428,161
Miscellaneous income - net	**215,149**	446,222	1,902,282
	(162,039,007)	(145,922,919)	(185,624,991)
LOSS BEFORE INCOME TAX	**(918,260,338)**	(588,953,115)	(642,029,705)
PROVISION FOR INCOME TAX (Note 19)	**(7,116)**	(26,110)	(63,227)
NET LOSS	**(918,267,454)**	(588,979,225)	(642,092,932)
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit obligation (Note 16)	**71,428**	7,712,363	(2,047,307)
TOTAL COMPREHENSIVE LOSS	**(₱918,196,026)**	(₱581,266,862)	(₱644,140,239)
Basic/Diluted Loss Per Share (Note 23)	**₱0.289**	₱0.186	₱0.202

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 CAPITAL DEFICIENCY

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	Capital Stock (Note 22)	Deficit	Cumulative Actuarial gains on retirement liability (Note 16)	Total
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)**
Net loss	**–**	**(918,267,454)**	**–**	**(918,267,454)**
Other comprehensive income (Note 16)	**–**	**–**	**71,428**	**71,428**
Total comprehensive income (loss)	**–**	**(918,267,454)**	**71,428**	**(918,196,026)**
BALANCES AT DECEMBER 31, 2021	**₱3,174,405,821**	**(₱4,283,561,694)**	**₱8,070,995**	**(₱1,101,084,878)**

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		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱918,260,338)**	(₱588,953,115)	(₱642,029,705)
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 13 and 24)	**244,331,464**	280,355,802	431,056,540
Interest expense and other financing charges (Notes 15, 17 and 21)	**162,510,644**	148,507,290	201,271,813
Interest income (Notes 6 and 10)	**(256,488)**	(2,138,149)	(316,379)
Retirement benefit expense (Notes 16 and 24)	**990,114**	1,341,597	3,094,974
Unrealized foreign exchange loss (gain)	**(111,885)**	84,472	18,021
Gain on sale of disposal of kitchen and bar equipment (Note 11)	**–**	–	(13,428,161)
Operating loss before working capital changes	**(510,796,489)**	(160,802,103)	(20,332,897)
Decrease (increase) in:			
Receivables	**(15,818,038)**	34,159,714	(8,347,694)
Inventories	**4,744,921**	4,954,892	(4,565,279)
Input VAT	**338,233,349**	(16,318,241)	(35,018,697)
Other current assets	**(12,653,317)**	1,735,414	7,455,877
Increase (decrease) in:			
Accounts payable and other current liabilities	**98,906,174**	88,681,507	(49,772,048)
Retention payable	**(3,813,230)**	(861,664)	(129,657,747)
Other noncurrent liabilities	**(33,392,911)**	(5,192,119)	34,164,241
Net cash used for operations	**(134,589,541)**	(53,642,600)	(206,074,244)
Income taxes paid	**(7,116)**	(26,110)	(63,227)
Interest received (Notes 6 and 10)	**256,488**	2,138,149	316,379
Net cash flows used in operating activities	**(134,340,169)**	(51,530,561)	(205,821,092)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Note 11)	**(21,205,283)**	(13,802,780)	(54,062,528)
Decrease in other noncurrent assets (Note 13)	**89,489,509**	59,433,917	15,156,558
Net cash flows provided by (used in) investing activities	**68,284,226**	45,631,137	(38,905,970)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loan (Note 15):			
Interest and other financing charges	**(144,631,290)**	(130,067,342)	(187,818,869)
Principal	**–**	(47,100,000)	(2,800,000,000)
Decrease (increase) in restricted cash (Notes 10 and 15)	**35,448,918**	59,708,998	(163,271,629)
Proceeds from:			
Advances from stockholders (Note 21)	**166,904,808**	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 provided by (used in) financing activities	**57,722,436**	(14,754,129)	(185,871,335)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**111,885**	(84,472)	(18,021)
NET DECREASE IN CASH	**(8,221,622)**	(20,738,025)	(430,616,418)
CASH AT BEGINNING OF YEAR	**21,049,397**	41,787,422	472,403,840
CASH AT END OF YEAR (Note 6)	**₱12,827,775**	₱21,049,397	₱41,787,422

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 12, 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. On November 18, 2021, IATF has implemented revised guidelines for the country's COVID-19 restrictions and response allowing casino operations to operate in areas under Alert Level 2.

As of the date of the auditor's report, the Group has not yet resumed its full operation of the casino as a result of the PAGCOR and IATF memorandum.

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), front liners, and off-signers crew from shipping companies.

While the permit to accept leisure bookings is currently pending DOT approval, MIC is operating as Multi-Use Hotels (MUH) and is authorized to accept essential and business bookings. Banquet events that require the use of MIC facilities such as the ballroom and function rooms for events like conferences and weddings are also permitted, with strict adherence to safety protocols

For the years ended December 31, 2021, 2020 and 2019, the Group reported net losses of ₱918.3 million, ₱589.0 million, and ₱624.1 million, respectively, which resulted to capital deficiency of ₱1,101.1 million and ₱182.9 as at December 31, 2021 and 2020, respectively. Furthermore, the Group's current liabilities exceeded its current assets by ₱409.1 million and ₱423.4 million as at December 31, 2021 and 2020, respectively.

These conditions indicate a material uncertainty exists that may cast significant doubts on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management will continue to carry out activities to pursue business opportunities related to its gaming, hotel, and rental operations. The Group is also closely working with PAGCOR for its operations and exploring new business opportunities such as on-going renovation to increase casino floor area to accommodate more players. The Group also implemented certain cost-saving measures in 2021 and 2020 to reduce its fixed and variable costs and the management will continue to implement this in 2022.

Moreover, the Group's ability to continue as a going concern is dependent on the commitment to defer payment of advances from related parties and stockholders and waiver of management service fees. On July 30, 2021, a credit line facility was extended by a local bank to the Group (see Note 15) and is valid until July 30, 2022. The Parent Company's stockholders and related parties undertake to provide continuing financial support to enable the Group to meet its obligations as and when they fall due and there is a reasonable expectation that the adequate funding will become available when necessary. Furthermore, to promptly address the Group's capital deficiency, the BOD in its resolution dated May 13, 2022, requested the principal stockholders to confirm their intention and agreement to convert the deposits for future stock subscription, aggregating to ₱2,426.5 million, into equity through the issuance of new shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements (see Note 18). Consequently, the consolidated financial statements have been prepared on a going concern basis.

<u>Authorization for the Issuance of the Consolidated Financial Statements</u>
The consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were approved and authorized for issuance by the Board of Directors (BOD) on May 13, 2022.

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. On December 1, 2021, the Group has resumed its bingo operations on an invitational basis only.

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 (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, 2020 (see Note 7). In 2021, 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, 2020 (see Note 7). In 2021, 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 2021 and 2020).

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**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides 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, 2022; 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 amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

- Amendments to PFRS 9, PAS 39, 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 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.

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, 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Group is currently assessing the impact of the amendments.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- 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

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the 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.

  The Group is still assessing the impact of the amendments.

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.

<u>Financial Assets at AC</u>
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).

<u>Financial Assets at FVTPL</u>
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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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.

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.

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, 2021 and 2020 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.

<u>Leases</u>

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. The Parent Company's stockholders and related parties undertake to provide continuing financial support to enable the Group to meet its obligations as and when they fall due and there is a reasonable expectation that the adequate funding will become available when necessary. 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.

Transfer of Investment Properties
The Group has made transfers to investment properties after determining that there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment properties at the date of change in use.

In 2020, the Parent Company has an existing lease agreement with a third party to lease and convert the parking and roof-deck area of Winford Hotel and Casino into an office space for lease. In 2021, the lease agreement was terminated. Thus, the Parent Company reclassified investment properties amounting to ₱714.8 million from investment properties to property and equipment (see Notes 11, 12 and 17).

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, 2021 and 2020, 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).

<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 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, 2021 and 2020 amounted to ₱121.0 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") for which the management believes to be recoverable amounted to ₱461.5 million and

₱535.2 million as at December 31, 2021 and 2020, 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 2021, 2020 and 2019. The carrying value of property and equipment and investment properties as of December 31, 2021 and 2020 are disclosed in Notes 11 and 12 to the consolidated financial statements, respectively.

Impairment of Property and Equipment and Investment Properties (in 2020)
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 in 2020, 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, 2021 and 2020. The net book values of the Group's property and equipment and investment properties amounted to ₱4,288.4 million and nil, respectively, as of December 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 ₱13.4 million is recoverable within the next 12 months from the reporting date and non-current portion amounting to ₱100.1 million is recoverable for the years thereafter (see Note 9). In 2021, due to the termination of the lease agreement with a third party, which is expected to generate revenues subject to output VAT, the Group recorded an impairment loss amounting to ₱360.8 million (see Notes 9 and 17).

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**

	2021	2020
Cash on hand	**₱2,170,140**	₱1,910,295
Cash in banks	**10,657,635**	19,139,102
	₱12,827,775	₱21,049,397

Cash in banks generally earns interest at the respective bank deposit rates.

Interest income earned from cash in banks amounted to ₱35,536, ₱127,046 and ₱315,384 in 2021, 2020 and 2019, respectively.

7. Receivables

	2021	2020
Trade:		
Non-related parties	**₱96,859,684**	₱84,177,684
Related parties (Note 21)	**418,347**	418,347
Nontrade (Note 11)	**125,681,357**	125,681,357
Receivable arising from PTO related to:		
Gaming equipment (Note 17)	**89,949,636**	80,983,264
Gaming facility	**21,786,996**	27,839,504
Advances to employees	**6,164,189**	3,247,805
	340,860,209	322,347,961
Less: Allowance for ECL	**120,958,349**	118,264,139
	₱219,901,860	₱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 rollforward of the allowance for ECL on trade receivables from non-related parties and nontrade receivables as of December 31:

	2021	2020
Balance at beginning of year	**₱118,264,139**	₱110,381,917
Provision (see Note 24)	**2,694,210**	7,882,222
	₱120,958,349	₱118,264,139

8. Inventories

	2021	2020
At cost:		
Operating supplies	**₱11,678,280**	₱15,784,488
Food, beverage, and tobacco	**3,783,153**	4,421,866
	₱15,461,433	₱20,206,354

Operating supplies include cards, seals and dice.

No allowance for inventory obsolescence was recognized as at December 31, 2021 and 2020.

9. Input VAT

	2021	2020
Input VAT - current	**₱13,405,199**	₱10,931,369
Noncurrent:		
Input VAT – noncurrent	**447,327,279**	427,061,029
Deferred input VAT	**13,515,163**	13,728,189
	460,842,442	440,789,218
Less: Allowance for impairment of input VAT	**360,760,403**	–
	100,082,039	440,789,218
	₱113,487,238	₱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.

Allowance for Impairment of Input VAT
In 2021, the Group recognized allowance for impairment of input VAT amounting to ₱360.8 million.

10. Other Current Assets

	2021	2020
Restricted cash (Note 15)	**₱68,113,713**	₱103,562,631
Prepayments	**14,989,281**	5,590,782
CWT	**8,175,059**	4,920,241
	₱91,278,053	₱114,073,654

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 ₱0.2 million, ₱2.0 million and nil in 2021, 2020 and 2019, respectively.

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

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

11. Property and Equipment

	2021					
	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	**–**	**12,726,983**	**7,483,019**	**470,033**	**525,248**	**21,205,283**
Transfers from investment properties (Note 12)	**–**	**714,790,600**	**–**	**–**	**–**	**714,790,600**
Balance at end of year	**600,800,000**	**4,226,307,936**	**229,182,425**	**466,626,827**	**640,491,800**	**6,163,408,988**
Accumulated depreciation						
Balance at beginning of year	**–**	**536,976,508**	**100,146,327**	**396,672,103**	**627,497,596**	**1,661,292,534**
Depreciation (Note 24)	–	**120,206,830**	**22,086,928**	**62,929,459**	**8,443,494**	**213,666,711**
Balance at end of year	–	**657,183,338**	**122,233,255**	**459,601,562**	**635,941,090**	**1,874,959,245**
Net book value	**₱600,800,000**	**₱3,569,124,598**	**₱106,949,170**	**₱7,025,265**	**₱4,550,710**	**₱4,288,449,743**

	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

As of December 31, 2021 and 2020, land and building, presented as part of property and equipment and investment properties, 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 ₱743.7 million and ₱725.4 million as of December 31, 2021 and 2020, 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, 2021 and 2020, respectively (see Note 7).

As of December 31, 2021 and 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.

In 2021 and 2020, 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 assessment, 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 (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.

In 2021, as a result of cancellation of the lease agreement with a third party, the Parent Company reclassified the investment properties amounting to ₱714.8 million to "Property and equipment" account (see Note 11).

Details of the carrying amount of investment properties are shown below:

	2021	2020
Cost		
Balance at beginning of year	**₱781,802,218**	₱781,802,218
Transfers to property and equipment (Note 11)	**(714,790,600)**	–
Balance at end of year	**67,011,618**	781,802,218
Accumulated Depreciation		
Balance at beginning of year	**37,228,677**	7,445,736
Depreciation (Note 24)	**29,782,941**	29,782,941
Balance at end of year	**67,011,618**	37,228,677
Net Book Value	**₱–**	₱744,573,541

No rental income was recognized in 2021, 2020 and 2019. Operating expenses related to the investment properties amounted to ₱8.2 million, ₱8.0 million and ₱5.6 million in 2021, 2020 and 2019, respectively, which pertains mainly to real property taxes. There were no significant repairs and maintenance made to maintain the Parent Company's investment properties in 2021, 2020 and 2019.

Fair Market Values
As at December 31, 2020, the aggregate fair value of the Parent Company's investment properties amounted to ₱749.4 million. Fair values of the investment properties as of April 28, 2021 have been determined based on valuation performed by a qualified independent professional appraisers using cost approach for building. This means that valuations performed by qualified independent appraisers are depreciated replacement cost which is based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. An estimate in calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources and adding the indirect costs attributed to the improvement has been made. This is included under Level 3 of the fair value hierarchy.

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.

In 2020, 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 assessment on investment properties, no impairment loss was recognized in 2020.

13. Other Noncurrent Assets

	2021	2020
Receivable arising from PTO related to gaming equipment - net of current portion (Note 17)	**₱241,616,356**	₱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	**1,026,658**	1,906,434
	₱253,689,731	₱344,061,052

Long-term deposits pertain to guarantee payment for utility bills.

Movement in operating equipment are as follows:

	2021			
	Utensils	**Linens**	**Uniforms**	**Total**
Cost				
Balance at beginning of year	**₱23,562,076**	**₱72,633,142**	**₱5,449,609**	**₱101,644,827**
Additions	**–**	**–**	**2,036**	**2,036**
Balance at end of year	**23,562,076**	**72,633,142**	**5,451,645**	**101,646,863**
Accumulated amortization				
Balance at beginning of year	**23,562,076**	**71,143,836**	**5,032,481**	**99,738,393**
Amortization (Note 24)	**–**	**631,485**	**250,327**	**881,812**
Balance at end of year	**23,562,076**	**71,775,321**	**5,282,808**	**100,620,205**
Net book value	**₱–**	**₱857,821**	**₱168,837**	**₱1,026,658**

	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

14. Accounts Payable and Other Current Liabilities

	2021	2020
Accounts payable	**₱360,220,378**	₱364,244,546
Accrued expenses	**236,900,595**	155,934,953
Gaming liabilities	**48,156,968**	39,147,990
Taxes payable	**18,241,546**	3,965,311
Contract liabilities	**16,099,010**	16,558,725
Advances from related parties (Note 21)	**4,982,104**	4,982,104
Others	**21,830,024**	22,690,822
	₱706,430,625	₱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, 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.

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.

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 ₱14.7 million, ₱4.1 million and ₱4.5 million in 2021, 2020 and 2019, respectively.

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

	2021	2020
Principal	**₱2,307,900,000**	₱2,307,900,000
Less unamortized debt discount	**(17,942,423)**	(15,117,333)
	2,289,957,577	2,292,782,667
Less current portion of long-term debt	**–**	(138,039,293)
	₱2,289,957,577	₱2,154,743,374

The movements in the principal balance of loans payable are as follows:

	2021	2020
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 the unamortized debt discount are as follows:

	2021	2020
Unamortized debt discount at beginning of year	**₱15,117,333**	₱17,362,110
Additions*	**6,011,948**	1,966,404
Amortization	**(3,186,858)**	(4,211,181)
Unamortized debt discount at end of year	**₱17,942,423**	₱15,117,333

**This includes adjustments related to loan contract modification.*

Future repayment of the principal as follows:

	2021	2020
Within one year	**₱–**	₱141,300,000
After one year but not more than five years	**2,307,900,000**	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 were 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 loan proceeds were used to refinance the outstanding balance of its ₱3.5 billion loan, fund the Parent Company's debt service accounts and finance 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).

On July 23, 2021, the bank provided 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, 2021, 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 in 2023 based on 2022 consolidated financial statements.

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. Total modification gain, recognized as part of "Interest expense and other financing charges" in the 2021 and 2020 consolidated statements of comprehensive income, as a result of these modifications amounted to ₱6.1 million and ₱0.9 million, respectively.

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 ₱68.1 million and ₱103.6 million as of December 31, 2021 and 2020, respectively, are presented under "Other current assets" as "Restricted cash" (see Note 10).

The related interest recognized from the loans amounted to ₱144.2 million, ₱144.7 million and ₱153.4 million in 2021, 2020 and 2019 respectively. Total interest paid amounted to ₱144.7 million ₱130.1 million and ₱150.2 million in 2021, 2020 and 2019, respectively.

The loan is secured by the Parent Company's land and building, classified as property and equipment and investment properties (in 2020), with an aggregate carrying value of ₱4.2 billion and ₱4.3 billion as of December 31, 2021 and 2020, respectively (see Notes 11 and 12).

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 credit line facility remains unused as of date, and valid until July 31, 2022 unless further extended or renewed by the bank.

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 2021, 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):

	2021	2020
Current service cost	**₱866,352**	₱844,346
Interest cost	**123,762**	497,251
	₱990,114	₱1,341,597

Movements in the cumulative actuarial gain in the consolidated statements of comprehensive income are as follows:

	2021	2020
Balance at beginning of year	**₱7,999,567**	₱287,204
Actuarial gain recognized in other comprehensive income	**71,428**	7,712,363
	₱8,070,995	₱7,999,567

The movements in the retirement liability are as follows:

	2021	2020
Balance at beginning of year	**₱3,173,394**	₱9,544,160
Total retirement expense	**990,114**	1,341,597
Defined benefit income recognized in OCI	**(71,428)**	(7,712,363)
Balance at end of year	**₱4,092,080**	₱3,173,394

Movement in defined benefit obligation are as follows:

	2021	2020
Balance at beginning of year	**₱3,173,394**	₱9,544,160
Current service cost	**866,352**	844,346
Interest cost	**123,762**	497,251
Actuarial loss (gain) on:		
Changes in financial assumptions	**(589,754)**	123,239
Changes in demographic assumptions	**727,976**	–
Experience adjustments	**(209,650)**	(7,835,602)
Balance at end of year	**₱4,092,080**	₱3,173,394

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:

	2021	2020
Discount rate	**5.11%**	5.21%
Salary increase rate	**4.00%**	5.00%

The latest actuarial valuation made for the plan was as of December 31, 2021.

As of December 31, 2021, discount rate and salary increase rate are 5.11% 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, 2021 and 2020 are as follows:

	2021	2020
Less than one year	**₱–**	₱–
One to less than five years	**766,356**	736,026
Five to less than ten years	**6,421,448**	2,451,901
Ten years and above	**23,668,426**	25,897,525
	₱30,856,230	₱29,085,452

The average duration of the expected benefit payments as of December 31, 2021 and 2020 is 23.8 years and 25.2 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		
	(10.00%) (Actual + 100 basis points (bps)	(₱408,441)
	11.7% (Actual - 100 bps)	478,846
Salary increase rate		
	11.7% (Actual + 100 bps)	₱479,394
	10.2% (Actual – 100 bps)	(416,169)

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 ₱182.3 million in 2021, ₱225.1 million in 2020 and ₱556.9 million in 2019. 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 ₱81.0 million, ₱72.1 million and ₱62.4 million in 2021, 2020 and 2019, respectively. Accordingly, revenue share in gaming operations for the year ended December 31, 2021, 2020 and 2019, presented in the consolidated statements of comprehensive income, amounted to ₱101.3 million, ₱153.0 million and ₱494.5 million, respectively.

The details of the revenue share in gaming operations are as follows:

	2021	2020	2019
Revenue share from gaming operations related to:			
Gaming facility	**₱61,868,494**	₱106,629,088	₱444,672,706
Gaming equipment	**39,466,272**	46,340,995	49,875,474
	₱101,334,766	₱152,970,083	₱494,548,180

The future minimum collection related to the gaming equipment follows:

	2021	2020	2019
Within one year	**₱120,516,935**	₱120,429,069	₱116,483,591
After one year but not more than five years	**273,992,073**	364,869,513	408,454,727
More than five years	**10,687,489**	39,660,666	86,913,440
	405,196,497	524,959,248	611,851,758
Less: unamortized portion of discount	**(73,630,505)**	(112,868,083)	(148,939,911)
	331,565,992	412,091,165	462,911,847
Less: current portion (Note 7)	**(89,949,636)**	(80,983,264)	(71,241,648)
Noncurrent portion (Note 13)	**₱241,616,356**	₱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 January 1, 2020 and has a basic monthly rental fee of ₱11,200 inclusive of electrical consumption and VAT. In January 2021, the same lease contract was amended to a basic monthly rent of ₱8,000 without escalation, inclusive of 12% VAT. The contract has been renewed in 2020 and expired on December 31, 2021. In 2022, CTBC is processing the renewal of its lease agreement.

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, the Parent Company has waived the basic rental payments and changed the percentage rental to 7% of dine-in sales and still applicable in 2021.

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 2021, due to the effects of the COVID-19 pandemic in 2020, 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 February 2021 to June 1, 2021 then resumed back to the original rental rate.

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 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 2021, due to the effects of the COVID-19 pandemic in 2020, the Parent Company has waived the basic rental payments valid from July 2021 to December 2021or until the store opens, whichever occur first. In 2022, Philippine Seven Corporation is processing the renewal of its lease agreement.

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 shall commence on January 1, 2021. 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 resumed to the original agreement in 2021.

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. In 2021, due to difficulties encountered during the COVID-19 pandemic, MPI terminated the lease agreement and the related security deposit amounting to ₱34.6 million was recognized as income under "Other revenue" in the consolidated statements of comprehensive income. No rental income was recognized in 2021 and 2020.

n. In 2021, the Parent Company also entered into an agreement of lease with Urban Group Health Ventures Inc. for five years renewable to lease 40.76 sqm. area of Winford Hotel and Casino. The lease is payable at a monthly rate amounting to ₱114,128, inclusive of withholding taxes and VAT and 10% escalation fee annually.

o. In 2021, the Parent Company also entered into an agreement of lease with DITO Telecommunity Corporation for five years to lease a 4.93 sqm. area of Winford Hotel and Casino to be used as telecommunication site. The lease is payable at a monthly rate amounting to ₱29,580, inclusive of withholding taxes and VAT and 5% escalation fee on fifth year thereafter.

The estimated future minimum lease collections for the above agreements are as follows:

	2021	2020
Within one year	**₱4,238,347**	₱4,111,337
After one year but not more than five years	**17,912,530**	543,462,011
Five years onwards	–	784,635,314
	₱22,150,877	₱1,332,208,662

Rent income amounted to ₱6.1 million, ₱12.1 million and ₱25.1 million in 2021, 2020 and 2019, respectively. Interest expense on the security deposit amounted to ₱1.2 million, ₱1.1 million and ₱0.3 million in 2021, 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 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 2021, 2020 and 2019 under these agreements amounted to ₱28.7 million, ₱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. **Deposits 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, 2021 and 2020, in accordance with FRB No. 6 as issued by the SEC.

On September 29, 2021, the Parent Company received a letter from the Philippine Stock Exchange (PSE) giving the Parent Company until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, the Parent Company was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned.

On May 13, 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements (see 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 ₱7,116, ₱26,110 and ₱63,227 in 2021, 2020 and 2019, respectively.

As of December 31, 2021 and 2020, 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, 2021 and 2020, net unrecognized deferred tax assets from its operations other than gaming are composed of the following:

	2021	2020
Deferred tax assets:		
Net operating loss carry over (NOLCO)	**₱433,446,884**	₱583,041,155
Allowance for impairment of input VAT	**90,190,101**	–
Allowance for ECL	**30,239,587**	35,479,242
Unearned income	**3,492,997**	5,975,748
Customer deposits	**375,055**	1,315,592
Retirement liability	**776,505**	744,675
	558,521,129	626,556,412
Deferred tax liabilities:		
Deferred rent income	**749,180**	920,367
Unrealized foreign exchange gain - net	**169,675**	170,046
Unrealized gain on loan modification	**1,750,706**	268,113
	2,669,561	1,358,526
	₱555,851,568	₱625,197,886

As of December 31, 2021, the details of NOLCO is as follows:

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, 2021, 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
2018	₱701,678,755	₱–	(₱701,678,755)	₱–	2021
2019	719,221,396	–	–	719,221,396	2022
	₱1,420,900,151	₱–	(₱701,678,755)	₱719,221,396	

As of December 31, 2021, the Group has incurred NOLCO in taxable year 2021 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
2021	–	491,995,775	–	491,995,775	2026
	₱522,570,365	₱491,995,775	₱–	₱1,014,566,140	

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:

	2021	2020	2019
Benefit from income tax based on accounting income before income tax	**(₱229,565,085)**	(₱176,685,935)	(₱192,608,912)
Additions to (reductions in) income tax resulting from tax effects of:			
Expired NOLCO	**175,419,689**	228,608,796	121,794,713
Movement in unrecognized deferred tax assets	**34,861,149**	(69,148,944)	113,699,070
Loss (income) from gaming operations exempt from income tax	**18,595,613**	17,926,129	(51,618,609)
Nondeductible expenses (nontaxable income) and others	**752,756**	(58,602)	8,828,652
Interest income subjected to final tax	**(57,006)**	(615,334)	(31,687)
Provision for income tax	**₱7,116**	₱26,110	₱63,227

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
President Rodrigo Duterte signed into law on March 26, 2021 the 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 took 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.

The reduction in tax rates under CREATE Act has no significant impact to the consolidated financial statements as of and for the year ended December 31, 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. Outstanding balances are generally settled through cash.

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
	2021	2020	2019	**2021**	2020			
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)**	(4,982,104)	Advances from related parties	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Commission from the off-track betting [b] (Note 7)	–	(41,389)	105,701	**418,347**	418,347	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Various Shareholders								
Deposits 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
Advances from stockholders [c]	**166,904,808**	102,704,215	343,581,012	**(613,190,035)**	**(**446,285,227)	Advances from stockholders	Interest-bearing and non-interest bearing	Unsecured, unguaranteed
Interest payable on advances from stockholders [c]	**18,390,553**	13,534,528	1,623,611	**(33,548,692)**	(15,158,139)	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	–	–	Receivable	Noninterest bearing; due and demandable	Unsecured, unimpaired
				₱2,426,501,748	₱2,426,501,748	Deposit for future stock subscription		
				4,982,104	4,982,104	Advances from related parties		
				418,347	418,347	Receivable		
				613,190,035	446,285,227	Advances from stockholders		
				33,548,692	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. The payable amount is gross of discount on non-interest-bearing advances from shareholders amounting to* ₱1,684,715 and ₱9,970,642 in 2021 and 2020, 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 ₱16.2 million, ₱26.5 million, and ₱35.1 million as of December 31, 2021, 2020 and 2019, respectively. The compensations are short-term employee benefits.

The Group has no standard arrangement with regard to the remuneration of its directors. In 2021, 2020 and 2019, the BOD received directors' fees aggregating to ₱0.7 million, ₱0.9 million and ₱0.7 million respectively (see 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 2021, 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.

As discussed in Note 18, on September 29, 2021, the Parent Company received a letter from the Philippine Stock Exchange (PSE) giving the Parent Company until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, the Parent Company was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned. On May 13, 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of new shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements.

23. Basic/Diluted Loss Per Share

	2021	2020	2019
Net loss	**₱918,267,454**	₱588,979,225	₱642,092,932
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	**₱0.289**	₱0.186	₱0.202

The Group has no potential dilutive common shares as of December 31, 2021, 2020 and 2019. Therefore, the basic and diluted loss per share are the same as of those dates.

24. Operating Costs and Expenses

	2021	2020	2019
Provision for impairment of input VAT (Note 9)	**₱360,760,403**	₱–	₱–
Depreciation and amortization (Notes 11, 12 and 13)	**244,331,464**	280,355,802	431,056,540
Utilities	**61,962,111**	57,545,363	93,983,063
Salaries and wages	**56,773,291**	64,716,520	85,845,771
Taxes and licenses	**45,840,576**	51,388,603	44,141,254
Repairs and maintenance	**39,904,956**	40,398,581	44,659,054
Contracted services	**32,670,874**	31,727,740	89,438,862
Service fee (Note 17)	**28,651,071**	6,253,571	34,780,715
Security services	**22,375,035**	20,028,847	41,985,517
Advertising and marketing	**16,259,156**	18,437,847	32,639,466
Transportation and travel	**10,100,900**	6,140,923	7,688,775
Food, beverage, and tobacco	**9,568,935**	13,462,213	44,379,030
Hotel room and supplies	**9,124,380**	11,885,174	22,146,015
Insurance	**8,616,070**	8,302,163	6,415,174
Communication	**7,501,339**	7,268,015	7,385,551
Professional fees	**6,632,154**	7,811,520	12,444,111
Provision for ECL (Note 7)	**2,694,210**	7,882,222	55,204,817
Supplies	**1,689,081**	1,359,687	3,787,909
Meetings and conferences	**1,322,813**	1,401,096	1,533,809
Retirement (Note 16)	**990,114**	1,341,597	3,094,974
Gaming fees (Note 2)	**941,320**	5,688,253	53,999,160
Directors' fees (Note 21)	**719,000**	867,000	675,000
Entertainment	**127,778**	2,693,856	13,949,007
Commission	**97,458**	1,352,842	1,926,430
Rent	**74,110**	1,561,643	2,977,415
Banquet expenses	**36,921**	4,254,816	21,171,297
Others	**6,442,111**	10,263,139	42,257,896
	₱976,207,631	₱664,389,033	₱1,199,566,612

25. 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 years ended December 31, 2021, 2020 and 2019 are as follows:

	2021		
	Gaming	**Non-gaming**	**Total**
Revenue	**₱102,979,152**	**₱117,007,148**	**₱219,986,300**
Operating costs and expenses	**(186,221,363)**	**(789,986,268)**	**(976,207,631)**
Other expenses - net	–	**(162,039,007)**	**(162,039,007)**
Provision for income tax	–	**(7,116)**	**(7,116)**
Net loss	**(₱83,242,211)**	**(₱835,025,243)**	**(918,267,454)**

	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 income (expenses) - net	–	(145,922,919)	(145,922,919)
Provision for income tax	–	(26,110)	(26,110)
Net income (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 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)

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, 2021 and 2020 are as follows:

	2021		
	Gaming	**Non-gaming**	**Total**
Assets	**₱1,441,164,918**	**₱3,553,930,915**	**₱4,995,095,833**
Liabilities	**874,988,201**	**5,221,192,510**	**6,096,180,711**
Capital expenditures	**2,916,959**	**18,108,324**	**21,025,283**
Interest income	–	**256,488**	**256,488**
Depreciation and amortization	**61,400,129**	**182,931,335**	**244,331,464**

	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

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"), 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, 2021 and 2020 as follows:

	2021	2020
At amortized cost/loans and receivables:		
Cash * (Note 6)	**₱10,657,635**	₱19,139,102
Receivables** (Note 7)	**213,737,671**	200,836,017
Deposits (Note 10)	**–**	–
Long-term deposits (Note 13)	**6,267,386**	6,267,386
Receivable arising from PTO related to gaming equipment - net of current portion (Note 13)	**241,616,356**	331,107,901
	₱472,279,048	₱557,350,406

**Excluding cash on hand amounting to ₱2,170,140 and ₱1,910,295 as of December 31, 2021 and, 2020, respectively.*
***Excluding advances to employees amounting to ₱6,165,189 and ₱3,247,805 as of December 31, 2021 and, 2020, respectively*

As of December 31, 2021 and 2020, the aging analysis of receivables is as follows:

			Past due but not impaired					
2021	**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	**₱96,859,684**	**₱13,111,575**	**₱6,167,698**	**₱8,929,691**	**₱2,810,312**	**₱–**	**₱55,263,976**	**₱10,576,432**
Related parties	**418,347**	**418,347**	–	–	–	–	–	–
Nontrade	**125,681,357**	–	–	–	–	–	**15,299,440**	**110,381,917**
Receivable arising from PTO	**353,352,988**	**353,134,480**	–	–	–	–	**218,508**	–
	₱576,312,376	**₱366,664,402**	**₱6,167,698**	**₱8,929,691**	**₱2,810,312**	**₱–**	**₱70,781,924**	**₱120,958,349**

			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

The table below shows the credit quality of the Group's neither past due nor impaired receivables as of December 31, 2021 and 2020, based on the Group's experience with its debtor's ability to pay:

	2021			
	Grade A	**Grade B**	**Grade C**	**Total**
Trade:				
Non-related parties	**₱7,540,943**	**₱5,262,944**	**₱307,688**	**₱13,111,575**
Related parties	**418,347**	**–**	**–**	**418,347**
Receivable arising from PTO	**353,134,480**	–	–	**353,134,480**
	₱361,093,770	**₱5,262,944**	**₱307,688**	**₱366,664,402**

	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

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, 2021 and 2020 based on contractual undiscounted payments.

	2021			
	Due and Demandable	**Less than 1 year**	**1 year or above**	**Total**
Loans payable*	**₱–**	**₱129,295,036**	**₱2,666,498,763**	**₱2,795,793,799**
Accounts payable and other current liabilities**	**4,982,104**	**679,090,701**	**–**	**684,072,805**
Retention payable	**4,120,784**	**–**	**–**	**4,120,784**
Interest payable	**–**	**51,445,063**	**–**	**51,445,063**
Advances from stockholders*	**–**	**–**	**670,238,123**	**670,238,123**
	₱9,102,888	**₱859,830,800**	**₱3,336,736,887**	**₱4,205,670,574**

**Including interest payable*
***Excluding contract liabilities and withholding taxes payable amounting to ₱16,099,010 and ₱6,258,810, respectively.*

	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	587,239,400	–	
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	₱903,682,811	₱3,007,338,780	₱3,331,716,205

**Including interest payable*
***Excluding contract liabilities and withholding taxes payable amounting to ₱16,558,725 and ₱1,252,882, respectively.*

The following tables show the profile of financial assets used by the Group to manage its liquidity risk:

	2021			
	Due and Demandable	**Less than 1 year**	**1 year or above**	**Total**
At amortized cost:				
Cash	**₱12,827,775**	**₱–**	**₱–**	**₱12,827,775**
Receivables	**22,205,344**	**191,532,327**	**241,616,356**	**455,354,027**
Long-term deposits	**–**	**–**	**6,267,386**	**6,267,386**
	₱35,033,119	**₱191,532,327**	**₱247,883,742**	**₱474,449,188**

	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
Long-term deposits	–	–	6,267,386	6,267,386
	₱101,420,597	₱120,464,817	₱337,375,287	₱559,260,701

As discussed in Note 18, on May 13, 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of new shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements.

Fair Value Measurement
The carrying values of cash, receivables, 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:

	2021		2020	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Receivable arising from PTO related to gaming equipment	**₱331,565,992**	**₱381,328,949**	₱412,091,165	₱498,257,876
Long-term deposits	**6,267,386**	**6,267,386**	6,267,386	6,267,386
	₱337,833,378	**₱387,596,335**	₱418,358,551	₱504,525,262
Financial Liabilities				
Advances from stockholders	**₱613,190,035**	**₱613,190,035**	₱446,285,227	₱446,285,227
Loans payable	**2,289,957,577**	**2,289,957,577**	2,292,782,667	2,292,782,667
	₱2,903,147,612	**₱2,903,147,612**	₱2,739,067,894	₱2,739,067,894

As of December 31, 2021 and 2020, 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, 2021 and 2020.

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 ₱1.3 billion and ₱2.2 billion as its capital as of December 31, 2021 and 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:

	2021	2020
Total current assets	**₱352,874,320**	₱370,344,596
Total current liabilities	**761,966,472**	793,731,299
Current ratio	**0.46**	0.47
Total liabilities, excluding deposits for future stock subscription	**₱3,669,678,963**	₱3,422,276,082
Total equity, including deposits for future stock subscription	**1,325,416,870**	2,243,612,896
Debt-to-equity ratio	**2.77**	1.53

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. In 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances for future stock subscription into equity through the issuance of new shares of stock (see Note 18).

28. Note to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities

	December 31, 2020	**Cash flows**	**Others***	**December 31, 2021**
Loans payable	**₱2,292,782,667**	**₱–**	**(₱2,825,090)**	**₱2,289,957,577**
Advances from stockholders	**436,314,585**	**166,904,808**	**8,285,927**	**611,505,320**
Restricted cash	**(103,562,631)**	**35,448,918**	**–**	**(68,113,713)**
Interest payable	**40,233,541**	**(144,631,290)**	**155,842,812**	**51,445,063**
Total liabilities from financing activities	**₱2,665,768,162**	**₱57,722,436**	**₱161,303,649**	**₱2,884,794,247**

**Others include accrual of interest from interest-bearing loans, discount on non-interest bearing advances from stockholders and accretion of loans payable.*

	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.*

29. **Other Matter**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 virus as a global pandemic. On March 13, 2020, the Office of the President of the Philippines issued a directive imposing stringent social distancing measures in the National Capital Region effective March 15, 2020. In a move to contain the COVID-19 outbreak, on March 16, 2020, the Office of the President of the Philippines issued Proclamation No. 929, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020 which was subsequently extended until May 15, 2020. On May 12, 2020, this was further extended into a modified enhanced community quarantine, wherein certain implementing rules have been relaxed.

The community quarantine classification was subsequently extended or changed as follows:

Classification	Effectivity
General community quarantine	June 1 – August 1, 2020
Modified enhanced community quarantine	August 2 – 18, 2020
General community quarantine	August 19, 2020 – March 27, 2021
Enhanced community quarantine	March 28, 2021 – April 11, 2021
Modified enhanced community quarantine	April 12, 2021 – May 31, 2021
General community quarantine	June 1, 2021 – July 31, 2021
Modified enhanced community quarantine	August 1, 2021 – August 5, 2021
Enhanced community quarantine	August 6, 2021 – August 20, 2021
Modified enhanced community quarantine	August 21, 2021 – September 7, 2021
General community quarantine	September 8, 2021 – September 30, 2021
Alert level 4	October 1, 2021 – October 15, 2021
Alert level 3	October 16, 2021 – November 4, 2021
Alert level 2	November 5, 2021 – January 2, 2022
Alert level 3	January 3, 2022 – January 30, 2022
Alert level 2	February 1, 2022 – February 28, 2022
Alert level 1	March 1, 2022 – March 31, 2022

These measures have caused disruptions to most businesses and significant increase in economic uncertainty. Due to the Group’s nature of business, these measures have significant impact on its financial position and performance as at and for the years ended December 31, 2021 and 2020. The Group will continue to monitor the situation.

SGV
Building a better working world

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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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated May 13, 2022. 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.

Gaile A. Macapinlac

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
Tax Identification No. 205-947-572
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1621-AR-1 (Group A)
November 11, 2019, valid until November 10, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-126-2019, November 27, 2019, valid until November 26, 2022
PTR No. 8854320, January 3, 2022, Makati City

May 13, 2022

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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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated May 13, 2022. 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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Gaile A. Macapinlac

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
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PTR No. 8854320, January 3, 2022, Makati City

May 13, 2022

MJC INVESTMENTS CORPORATION

SCHEDULE A: FINANCIAL ASSETS

December 31, 2021

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 and cash equivalents*	N/A	N/A	₱10,657,635	N/A	N/A
Receivables**	N/A	N/A	213,737,671	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	241,616,356	N/A	N/A
TOTAL			**₱472,279,048**		

**Excluding cash on hand amounting to ₱2,170,140 as of December 31, 2021.*

***Excluding advances to employees amounting to ₱6,164,189 as of December 31, 2021.*

****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, 2021

Name and designation of Debtor	Balance at beginning of period	Additions	Deductions		Current	Not Current	Balance at End of period
			Amounts Collected	Amounts Written Off			
Manila Jockey Club, Inc.	₱418,347	₱–	(₱)	₱–	₱418,347	₱–	₱418,347
Manila Cockers Club, Inc.	–	–	–	–	–	–	–
Advances to Employee	3,247,805	2,916,384	–	–	6,164,189	–	6,164,189
TOTAL	**₱3,666,152**	**₱2,916,384**	**(₱)**	**₱–**	**₱6,582,536**	**₱–**	**₱6,582,536**

MJC INVESTMENTS CORPORATION

SCHEDULE C: AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FS

December 31, 2021

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	₱114,441,618	₱–	₱17,283,260	₱–	₱–	₱–	₱–	₱97,158,358
TOTAL	**₱114,441,618**	**₱–**	**₱17,283,260**	**₱–**	**₱**	**₱–**	**₱–**	**₱97,158,358**

MJC INVESTMENTS CORPORATION

SCHEDULE D: LONG TERM DEBT

December 31, 2021

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	₱–	₱2,289,957,577
TOTAL	**₱2,307,900,000**	**₱–**	**₱2,289,957,577**

MJC INVESTMENTS CORPORATION

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES
(LONG TERM LOANS FROM RELATED COMPANIES)

December 31, 2021

Name of Related Party	Balance at beginning of period	Balance at End of Period
Various stockholders	₱436,314,585	₱611,505,320
Total	**₱436,314,585**	**₱611,505,320**

MJC INVESTMENTS CORPORATION

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

December 31, 2021

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, 2021

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**			**26,671,438**	

MJC INVESTMENTS CORPORATION

SCHEDULE H: AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FS

December 31, 2021

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

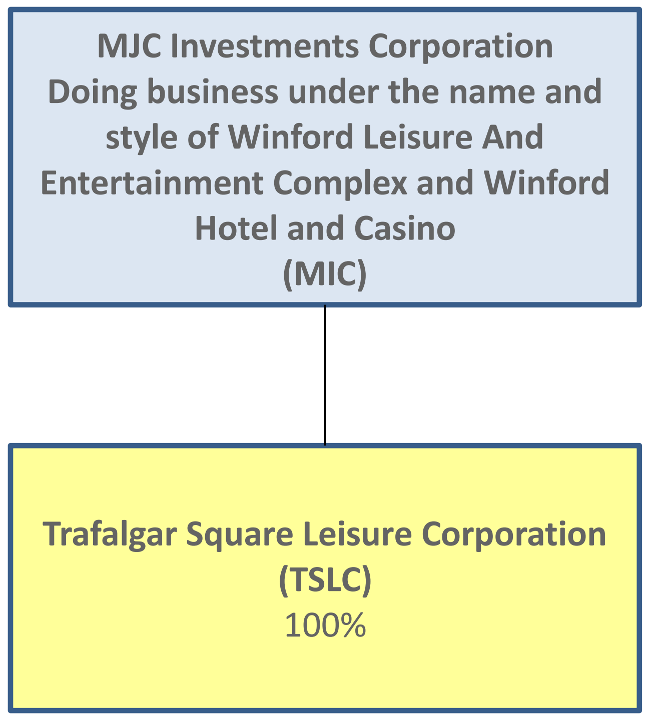
MJC INVESTMENTS CORPORATION
SCHEDULE I : RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2021

Unappropriated Retained Earnings, as adjusted to *available for dividend distribution, beginning Dec 31, 2020*	(3,365,294,240)	
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	(918,267,454)	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain		
Fair value adjustment (M2M gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP-gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total	(4,283,561,694)	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP – loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
	-	
Net income actually earned during the period		(4,283,561,694)
Add(Less):		
Dividend declarations during the period	-	
Appropriations of Retained Earnings during the period	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	-	-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		**(4,283,561,694)**

MJC INVESTMENTS CORPORATION

SCHEDULE J: MAP OF AFFILIATES

December 31, 2021



MJC INVESTMENTS CORPORATION

SCHEDULE K: Financial Soundness Indicators

December 31, 2021

	2021	2020
Liquidity ratios		
Current ratio[a]	**0.46**	0.47
Acid test ratio[b]	**0.32**	0.30
Interest rate coverage ratio[c]	**(3.15)**	(1.08)
Solvency ratios		
Solvency ratios[d]	**(0.11)**	(0.05)
Debt to equity ratio[e]	**(2.64)**	(14.92)
Asset to equity ratio[f]	**(4.54)**	(30.98)
Profitability ratio		
Return on equity[g]	**(0.83)**	3.22
Return on assets[h]	**(0.18)**	(0.10)
Net profit margin[i]	**(4.17)**	(2.66)
EBITDA margin[j]	**(2.32)**	(0.71)

[a] *Current assets over current liabilities*

[b] *Current assets excluding inventories and prepayments over current liabilities*

[c] *EBITDA over interest expense and other financing charges*

[d] *Total assets over total liabilities*

[e] *Interest bearing debts over total equity*

[f] *Total assets over total equity*

[g] *Total net revenue over total equity*

[h] *Total net revenue over total assets*

[i] *Net profit over gross revenues from operations*

[j] *EBITDA over gross revenues from operations*

Annex ''B''
Interim Unaudited Financial Statements
for the period ended March 31, 2022

COVER SHEET

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

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, 2022**

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) 8528-2300

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 Statements of Financial Position as of March 31, 2022 and December 31, 2021
- Consolidated Statements of Comprehensive Income for the quarters ended March 31, 2022 and 2021
- Consolidated Statements of Changes in Equity for the quarters ended March 31, 2022 and 2021
- Consolidated Statements of Cash Flows for the quarters ended March 31, 2022 and 2021
- Aging Schedule of Receivables as of March 31, 2022
- Notes to Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Plan of Operations

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

MAY 24 2022
Date

By:

JOEMAR L. ONNAGAN
Director for Finance and Administration

SUBSCRIBED AND SWORN to before me this MAY 24 2022 at Pasig City, affiant exhibiting to me his TIN 927-986-000.

Doc. No. 202;
Page No. 42;
Book No. X;
Series of 2022.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 87 (2020-2021)
EXTENDED UP TO JUNE 30, 2022
PER SC RESOLUTION B. M. NO. 3795
(Re: Request for Extension of Existing Notarial Commission)
PTR No. 8132084/1-21-2022/PASIG
IBP No. 199958/1-19-2022/MAKATI
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY NO. 57018

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, 2022
(With Comparative Audited Figures as of December 31, 2021)

	March 31, 2022 ***(Unaudited)***	December 31, 2021 *(Audited)*
ASSETS		
Current Assets		
Cash (Note 6)	₱30,818,725	₱12,827,775
Receivables (Note 7)	222,878,240	219,901,860
Inventories (Note 8)	14,658,250	15,461,433
Input value-added tax (VAT) - current (Note 9)	15,345,534	13,405,199
Other current assets (Note 10)	94,041,853	91,278,053
Total Current Assets	**377,742,602**	**352,874,320**
Noncurrent Assets		
Property and equipment (Note 11)	4,242,940,767	4,288,449,743
Input VAT - net of current portion (Note 9)	102,650,771	100,082,039
Other noncurrent assets (Note 13)	233,163,429	253,689,731
Total Noncurrent Assets	**4,578,754,967**	**4,642,221,513**
TOTAL ASSETS	**4,956,497,569**	**4,995,095,833**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 14)	761,887,748	706,430,625
Current portion of loans payable (Note 15)	105,186,623	-
Interest payable (Notes 15)	41,655,065	51,445,063
Retention payable (Note 11)	4,120,784	4,120,784
Total Current Liabilities	**912,850,220**	**761,996,472**
Noncurrent Liabilities		
Deposit for future stock subscription (Note 17)	2,426,501,748	2,426,501,748
Loans payable - net of current portion (Note 15)	2,185,544,279	2,289,957,577
Advances from stockholders (Note 18)	645,495,783	611,505,320
Other noncurrent liabilities (Note 16)	6,262,488	6,219,594
Total Non-Current Liabilities	**5,263,804,298**	**5,334,184,239**
Total Liabilities	**6,176,654,518**	**6,096,180,711**
Equity		
Capital stock (Note 19)	3,194,405,821	3,174,405,821
Deficit	(4,402,864,336)	(4,283,561,694)
Actuarial gains on retirement liability	8,301,566	8,070,995
Total Equity (Capital Deficiency)	**(1,220,156,949)**	**(1,101,084,878)**
TOTAL LIABILITIES AND EQUITY	**₱ 4,956,497,569**	**₱ 4,995,095,833**

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, 2022 *Unaudited*	**March 31, 2021** *Unaudited*
REVENUE		
Revenue Share in Gaming Operations (Note 16)	**35,397,616**	36,717,544
Hotel	**11,991,288**	6,531,846
Bingo Operations	**9,918,915**	-
Food and beverage	**6,336,572**	2,648,955
Rental	**3,164,504**	1,749,239
Other revenue	**1,082,082**	473,605
	67,890,977	48,121,189
OPERATING COST AND EXPENSES (Note 21)	**(161,025,761)**	(164,392,212)
OPERATING LOSS	**(93,134,783)**	(116,271,023)
OTHER INCOME(EXPENSES)		
Interest Expense and other financing charges (Note 15)	**(25,180,674)**	(41,366,267)
Interest Income (Notes 6 and 10)	**3,974**	16,932
Miscellaneous Income(Expense) – net	**(11,376)**	228,317
	(25,188,076)	(41,121,018)
INCOME(LOSS) BEFORE INCOME TAX	**(118,322,859)**	(157,392,041)
PROVISION FOR INCOME TAX	**(979,784)**	(3,372)
NET LOSS	**(119,302,642)**	(157,395,413)
OTHER COMPREHENSIVE INCOME	**230,571**	230,571
TOTAL COMPREHENSIVE INCOME(LOSS)	**(119,072,072)**	(157,164,842)
Basic Earnings(Losses) per Share (Note 20)	**(0.04)**	(0.05)

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, 2022 AND 2021

	Capital Stock (Note 19)	Deficit	Actuarial gains on retirement liability	Total
BALANCES AT DECEMBER 31, 2021	**3,174,405,821**	**(4,283,561,694)**	**8,070,995**	**(1,101,084,878)**
Total Comprehensive income for the period	-	**(119,302,642)**	**230,571**	**(119,072,071)**
BALANCES AT MARCH 31, 2022	**3,174,405,821**	**(4,402,864,336)**	**8,301,566**	**(1,220,156,949)**
BALANCE AT DECEMBER 31, 2020	3,174,405,821	(3,365,294,240)	7,999,567	(182,888,852)
Total Comprehensive income for the year	-	(157,395,413)	230,571	(157,164,842)
BALANCE AT MARCH 31, 2021	**3,174,405,821**	**(3,522,689,653)**	**8,230,138**	**(340,053,694)**

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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱118,322,859)	(₱157,392,042)
Adjustments for:		
Depreciation and amortization	39,779,509	64,175,710
Interest expense and other financing charges	23,973,679	41,366,266
Retirement benefit expense	(20,682)	209,889
Unrealized foreign exchange loss (gain)	(9,185)	(62,200)
Interest income	(3,974)	(16,932)
Operating loss before working capital changes	(54,603,511)	(51,719,309)
Decrease (increase) in:		
Receivables	(2,976,382)	17,601,877
Inventories	803,182	4,053,368
Input VAT	(4,509,068)	(5,612,123)
Other current assets	(1,776,324)	(3,304,622)
Increase (decrease) in:		
Accounts payable and other current liabilities	56,049,094	16,654,741
Retention payable	-	(3,826,469)
Other noncurrent liabilities	297,820	1,078,002
Net cash generated from (used in) operations	(7,310,830)	(25,074,535)
Income taxes paid	(979,784)	(3,372)
Interest received	3,973	16,932
Net cash flows provided by (used in) operating activities	(8,286,641)	(25,060,975)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(802,950)	(3,801,484)
Decrease (increase) in other noncurrent assets	20,320,814	21,430,556
Net cash flows provided by (used in) investing activities	(19,517,864)	17,629,073
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan):		
Principal	3,598,415	-
Interest and other financing charges	(42,838,179)	(36,071,991)
Decrease (increase) in restricted cash	(987,476)	33,897,431
Proceeds from:		
Advances from stockholders	40,239,874	37,328,143
Net cash flows provided by (used in) financing activities	12,634	35,153,583
EFFECT OF EXCHANGE RATE CHANGES ON CASH	9,185	62,200
NET INCREASE (DECREASE) IN CASH	17,990,951	27,783,881
CASH AT BEGINNING OF YEAR	12,827,775	21,049,397
CASH AT END OF PERIOD (Note 6)	₱ 30,818,725	₱ 48,833,278

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, 2022:

	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	86,323,491	5,879,867	6,193,785	483,763	386,105	73,379,971	-	-
Related parties	418,347	-	-	-	-	418,347	-	-
Nontrade	125,681,357	-	-	-	-	15,299,440	-	110,381,917
Receivable arising from PTO	371,772,045	371,553,537	-	-	-	218,508	-	-
	584,195,240	**377,433,404**	**6,193,785**	**483,763**	**386,105**	**89,316,266**	**-**	**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 12, 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. On November 18, 2021, IATF has implemented revised guidelines for the country’s COVID-19 restrictions and response allowing casino operations to operate in areas under Alert Level 2.

As of the date of the report, the Group has not yet resumed its full operation of the casino as a result of the PAGCOR and IATF memorandum.

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), front liners, and off-signers crew from shipping companies.

While the permit to accept leisure bookings is currently pending DOT approval, MIC is operating as Multi-Use Hotels (MUH) and is authorized to accept essential and business bookings. Banquet events

that require the use of MIC facilities such as the ballroom and function rooms for events like conferences and weddings are also permitted, with strict adherence to safety protocols

For the quarter ended March 31, 2022 and 2021, the Group has reported net losses of ₱119.3 million and ₱157.4 million which resulted to capital deficiency amounting ₱1,220.2 million as at March 31, 2022. Furthermore, the Group's current liabilities exceeded its current assets by ₱555.5 million and ₱409.1 million as at March 31, 2022 and December 31, 2021, respectively.

These conditions indicate a material uncertainty exists that may cast significant doubts on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management will continue to carry out activities to pursue business opportunities related to its gaming, hotel, and rental operations. The Group is also closely working with PAGCOR for its operations and exploring new business opportunities such as on-going renovation to increase casino floor area to accommodate more players. The Group also implemented certain cost-saving measures in 2022 and 2021 to reduce its fixed and variable costs and the management will continue to implement this in 2022.

Moreover, the Group's ability to continue as a going concern is dependent on the commitment to defer payment of advances from related parties and stockholders and waiver of management service fees. On July 30, 2021, a credit line facility was extended by a local bank to the Group (see Note 15) and is valid until July 30, 2022. The Parent Company's stockholders and related parties undertake to provide continuing financial support to enable the Group to meet its obligations as and when they fall due and there is a reasonable expectation that the adequate funding will become available when necessary. Furthermore, to promptly address the Group's capital deficiency, the BOD in its resolution dated May 13, 2022, requested the principal stockholders to confirm their intention and agreement to convert the deposits for future stock subscription, aggregating to ₱2,426.5 million, into equity through the issuance of new shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements (see Note 19). Consequently, the consolidated financial statements have been prepared on a going concern basis.

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 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 report date, the Group has resumed its bingo operations on a limited capacity.

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 which 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 statement of financial position as of December 31, 2020 (see Note 7). In 2021, 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, 2020 (see Note 7). In 2021, 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 2022, 2021 and 2020).

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**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides 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, 2022; 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 amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

- Amendments to PFRS 9, PAS 39, 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 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.

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, 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Group is currently assessing the impact of the amendments.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- 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

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the 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.

  The Group is still assessing the impact of the amendments.

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 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 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.

<u>Financial Assets at AC</u>
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).

<u>Financial Assets at FVTPL</u>
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 March 31, 2022 and December 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 expected credit loss (ECL) model.

As of March 31, 2022 and December 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, 2022 and December 31, 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.

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.

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.

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.

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 March 31, 2022 and December 31, 2021 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 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 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. The Parent Company's stockholders and related parties undertake to provide continuing financial support to enable the Group to meet its obligations as and when they fall due and there is a reasonable expectation that the adequate funding will become available when necessary. 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.

Transfer of Investment Properties
The Group has made transfers to investment properties after determining that there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment properties at the date of change in use.

In 2020, the Parent Company has an existing lease agreement with a third party to lease and convert the parking and roof-deck area of Winford Hotel and Casino into an office space for lease. In 2021, the lease agreement was terminated. Thus, the Parent Company reclassified investment properties amounting to ₱714.8 million from investment properties to property and equipment (see Notes 11).

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, 2021 and 2020, 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 March 31, 2022 and December 31, 2021 amounted to ₱121.0 million. 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 ₱ 444.1million and ₱461.5 million as at March 31, 2022 and December 31, 2021 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 2022, 2021 and 2020. The carrying value of property and equipment as of March 31, 2022 and December 31, 2021are disclosed in Notes 11 and 12 to the consolidated financial statements, respectively.

Impairment of Property and Equipment and Investment Properties (in 2020)
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 asset, 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.

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 period ended March 31, 2022 and years ended December 31, 2021. The net book values of the Group's property and equipment amounted to ₱ 4,242.9 million and ₱4,288.4 million, as of March 31, 2022 and December 31, 2021 (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 ₱15.3 million is recoverable within the next 12 months from the reporting date and non-current portion amounting to ₱102.7 million is recoverable for the years thereafter (see Note 9). In 2021, due to the termination of the lease agreement with a third party, which is expected to generate revenues subject to output VAT, the Group recorded an impairment loss amounting to ₱360.8 million (see Notes 9).

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.

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.

6. Cash

This account consists of:

	March 31, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Cash on Hand	**₱ 12,637,174**	₱2,170,140
Cash in Bank	**18,181,551**	10,657,635
	₱ 30,818,725	₱ 12,827,775

Cash in banks generally earns interest at the respective bank deposit rates. Total interest income earned from cash in banks amounted to ₱0.003 million and ₱0.02 million in 2022 and 2021, respectively.

7. Receivables

This account consists of:

	March 31, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Trade:		
Non-related parties	**₱91,053,328**	₱ 96,859,684
Related parties (Note 18)	**418,347**	418,347
Nontrade	**125,681,357**	125,681,357
Receivable arising from PTO related to:		
Gaming equipment	**88,694,945**	89,949,636
Gaming facility	**31,937,492**	21,786,996
Advances to employees	**6,051,120**	6,164,189
	343,836,589	340,860,209
Less: Allowance for ECL	**120,958,349**	120,958,349
	₱222,878,240	₱219,901,860

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, 2022 and December 31, 2021:

	March 31, 2022 ***(Unaudited)***	December 31, 2021 *(Audited)*
Balance at beginning of year	**₱120,958,349**	₱118,264,139
Provision	**-**	2,694,210
	₱120,958,349	₱120,958,349

8. **Inventories**

This account consists of:

	March 31, 2022 ***(Unaudited)***	December 31, 2021 *(Audited)*
At cost:		
Operating supplies	**₱ 11,165,803**	₱ 11,678,280
Food, beverage, and tobacco	**3,492,447**	3,783,153
	₱ 14,658,250	₱ 15,461,433

Operating supplies include cards, seals and dice.

No allowance for inventory obsolescence was recognized in 2022 and 2021.

9. **Input VAT**

	March 31, 2022 ***(Unaudited)***	December 31, 2021 *(Audited)*
Input VAT - current	**₱15,345,534**	₱13,405,199
Noncurrent:		
Input VAT – noncurrent	**449,896,011**	447,327,279
Deferred input VAT	**13,515,163**	13,515,163
	463,411,174	460,842,442
Less: Allowance for impairment of input VAT	**360,760,403**	360,760,403
	102,650,771	100,082,039
	₱117,996,305	₱113,487,238

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.

Allowance for Impairment of Input VAT
In 2021, the Group recognized allowance for impairment of input VAT amounting to ₱360.8 million.

10. **Other Current Assets**

This account consists of:

	March 31, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Restricted cash (Note 15)	**₱ 69,101,189**	₱ 68,113,713
Creditable withholding taxes	**9,722,858**	8,175,059
Prepayments	**15,217,806**	14,989,281
	₱ 94,041,853	₱ 91,278,053

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).

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**	**4,226,307,936**	**229,182,425**	**466,626,827**	**640,491,800**	**6,163,408,988**
Additions	**–**	**625,000**	**261,402**	**624,379**	**–**	**1,510,781**
Adjustment Transfer from Investment Properties	**–**		**–**	**–**	**–**	
Balance at end of year	**600,800,000**	**4,226,932,936**	**229,443,827**	**467,251,206**	**640,491,800**	**6,164,919,769**
Accumulated depreciation						
Balance at beginning of year	**–**	**657,183,338**	**122,233,255**	**459,601,562**	**635,941,090**	**1,874,959,245**
Depreciation (Note 21)	**–**	**37,586,052**	**5,615,425**	**2,148,688**	**1,669,592**	**47,019,757**
Balance at end of year	**–**	**694,769,390**	**127,848,680**	**461,750,250**	**637,610,682**	**1,921,979,002**
Net book value	**600,800,000**	**3,532,163,546**	**101,595,147**	**5,500,956**	**2,881,118**	**4,242,940,767**

	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	–	12,726,983	7,483,019	470,033	525,248	21,205,283
Transfer from investment properties (Note 12)		714,790,600	–	–	–	714,790,600
Balance at end of year	600,800,000	4,226,307,936	229,182,425	466,626,827	640,491,800	6,163,408,988
Accumulated depreciation						
Balance at beginning of year	–	536,976,508	100,146,327	396,672,103	627,497,596	1,661,292,534
Depreciation (Note 21)	–	120,206,830	22,086,928	62,929,459	8,443,494	213,666,711
Balance at end of year	–	657,183,338	122,233,255	459,601,562	635,941,090	1,874,959,245
Net book value	₱600,800,000	₱ 3,569,124,598	₱ 106,949,170	₱ 7,025,265	₱ 4,550,710	₱ 4,288,449,743

As of March 31, 2022 and December 31, 2021, land and building with an aggregate carrying values of ₱4.3 billion were pledged as collateral for the loan facility (see Note 15).

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, 2022 and December 31, 2021, the Group has outstanding retention payable to its service providers related to renovation and improvements to the building amounting to ₱4.1 million.

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 2022 and 2021 (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.

In 2021, as a result of cancellation of the lease agreement with a third party, the Parent Company reclassified the investment properties amounting to ₱714.8 million to "Property and equipment" account (see Note 11).

Details of the carrying amount of investment properties are shown below:

	2021	2020
Cost		
Balance at beginning of year	**₱781,802,218**	₱781,802,218
Transfers to property and equipment (Note 11)	**(714,790,600)**	–
Balance at end of year	**67,011,618**	781,802,218
Accumulated Depreciation		
Balance at beginning of year	**37,228,677**	7,445,736
Depreciation (Note 24)	**29,782,941**	29,782,941
Balance at end of year	**67,011,618**	37,228,677
Net Book Value	**₱–**	₱744,573,541

No rental income was recognized in 2021, 2020 and 2019. Operating expenses related to the investment properties amounted to ₱8.2 million, ₱8.0 million and ₱5.6 million in 2021, 2020 and 2019, respectively, which pertains mainly to real property taxes. There were no significant repairs and maintenance made to maintain the Parent Company's investment properties in 2021, 2020 and 2019.

Fair Market Values
As at December 31, 2020, the aggregate fair value of the Parent Company's investment properties amounted to ₱749.4 million. Fair values of the investment properties as of April 28, 2021 have been determined based on valuation performed by a qualified independent professional appraisers using cost approach for building. This means that valuations performed by qualified independent appraisers are depreciated replacement cost which is based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. An estimate in calculating the direct cost of reproducing or replacing the improvement, deducting accrued depreciation from all sources and adding the indirect costs attributed to the improvement has been made. This is included under Level 3 of the fair value hierarchy.

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.

In 2020, 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 assessment on investment properties, no impairment loss was recognized in 2020.

13. **Other Noncurrent Assets**

This account consists of:

	March 31, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Receivable arising from PTO related to gaming equipment - net of current portion (Notes 16)	**₱221,257,326**	₱241,616,356
Long-term deposits	**6,267,386**	6,267,386
Advances to contractors and suppliers	**4,779,331**	4,779,331
Operating equipment	**859,386**	1,026,658
	₱233,163,429	₱253,689,731

Long-term deposits pertain to guarantee payment for utility bills.

Movement in operating equipment are as follows:

	March 31, 2022 *(Unaudited)*			
	Utensils	**Linens**	**Uniforms**	**Total**
Cost				
Balance at beginning of year	**₱23,562,076**	**₱72,633,142**	**₱5,451,645**	**₱101,646,863**
Additions	**–**	**38,215**	**–**	**38,215**
Balance at end of year	**23,562,076**	**72,671,357**	**5,451,645**	**101,685,078**
Accumulated amortization				
Balance at beginning of year	**23,562,076**	**71,775,321**	**5,282,809**	**100,620,206**
Amortization (Note 21)	**–**	**147,266**	**58,220**	**205,486**
Balance at end of year	**23,562,076**	**71,922,587**	**5,341,029**	**100,825,692**
Net book value	**₱–**	**₱748,770**	**₱110,616**	**₱859,386**

	December 31, 2021 *(Audited)*			
	Utensils	Linens	Uniforms	Total
Cost				
Balance at beginning of year	₱ 23,562,076	₱ 72,633,142	₱5,449,609	₱ 101,644,827
Additions	–	–	2,036	2,036
Balance at end of year	23,562,076	72,633,142	5,451,645	101,646,863
Accumulated depreciation				
Balance at beginning of year	23,562,076	71,143,836	5,032,481	99,738,393
Amortization	–	631,485	250,327	881,812
Balance at end of year	23,562,076	71,775,321	5,282,808	100,620,205
Net book value	₱–	₱ 857,821	₱ 168,837	₱ 1,026,658

14. **Accounts Payable and Other Current Liabilities**

This account consists of:

	March 31, 2022 ***(Unaudited)***	December 31, 2021 *(Audited)*
Accounts payable	**₱ 418,264,500**	₱ 360,220,378
Accrued expenses	**229,127,371**	236,900,595
Gaming liabilities	**51,480,603**	48,156,968
Taxes payable	**19,873,620**	18,241,546
Contract liabilities	**15,801,190**	16,099,010
Advances from related parties (Note 18)	**4,982,104**	4,982,104
Others	**22,358,360**	21,830,024
	₱ 761,887,748	₱ 706,430,625

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.

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, 2022 ***(Unaudited)***	December 31, 2021 *(Audited)*
Principal	**₱2,307,900,000**	₱2,307,900,000
Less unamortized debt discount	**(17,169,098)**	(17,942,423)
	2,290,730,902	2,289,957,577
Less current portion of long-term debt	**(105,186,623)**	–
	₱2,185,544,279	₱2,289,957,577

The movements in the principal balance of loans payable are as follows:

	March 31, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Balance at beginning of year	**₱2,307,900,000**	₱2,307,900,000
Payment	–	–
Balance at end of year	**₱2,307,900,000**	₱2,307,900,000

The movements in unamortized debt discount follow:

	March 31, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Unamortized debt discount at beginning of year	**₱17,942,423**	₱15,117,333
Additions*	–	6,011,948
Amortization	**(773,325)**	(3,186,858)
Unamortized debt discount at end of year	**₱17,169,098**	₱17,942,423

**Recorded as "Interest expense and other financing charges" in the consolidated statements of comprehensive income*

Future repayment of the principal as follows:

	March 31, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Within one year	**₱105,975,000**	₱-
After one year but not more than five years	**2,201,925,000**	2,307,900,000
	₱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 ₱69.1 million and ₱68.1 million in March 31, 2022 and December 31, 2021 are presented under "Prepayments and other current assets" as "Restricted cash" (see Note 10).

The related interest recognized from the loans amounted to ₱25.2 million and ₱41.4 million for the period ended March 31, 2022 and 2021, respectively. Total interest paid amounted to ₱34.6 million and ₱36.1 million for the period ended March 31, 2022 and 2021, respectively.

The loan is secured by the Parent Company's land and building, classified as property and equipment in the parent company statements of financial position, with an aggregate carrying value of ₱4.3 billion as of March 31, 2022 and December 31, 2021, 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.

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 credit line facility remains unused as of date, and valid until July 31, 2022 and the Company is currently processing its renewal.

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, 2022 amounted to ₱57.0 million and ₱56.2 million in March 31, 2021. Accordingly, revenue share in gaming operations for the three months ended March 31, 2022 and 2021, presented in the consolidated statements of comprehensive income, amounted to ₱35.4 million and ₱36.7 million, respectively.

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 March 31, 2022 and December 31, 2021, in accordance with FRB No. 6 as issued by the SEC.

On September 29, 2021, the Parent Company received a letter from the Philippine Stock Exchange (PSE) giving the Parent Company until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, the Parent Company was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned.

On May 13, 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements (see Note 21).

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. Outstanding balances are generally settled through cash.

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	₱-	₱-	₱-	(₱321,233,646)	(₱321,233,646)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances (a)	-	-	(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)	-	-	(41,389)	418,347	418,347	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed

Various Shareholders								
Deposit for future stock subscription	-	-	-	(2,105,268,102)	(2,105,268,102)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances from stockholders (c)	34,589,215	166,904,808	102,704,215	(647,779,250)	(613,190,035)	Advances from stockholders	Interest-bearing and Non-interest bearing	Unsecured, unguaranteed
Interest payable on advances from stockholders (c)	18,390,553	18,390,553	13,534,528	(33,548,692)	(33,548,692)	Interest payable	Non-interest bearing	Unsecured, unguaranteed
Affiliate								
Manila Cockers Club, Inc. (MCI)								
Commission from the off-track betting (d), (e)	-	-	-	-	-	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	418,347	Receivable		
				647,779,250	613,190,035	Advances from stockholders		
				33,548,692	33,548,692	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 ₱3.7 million, ₱4.5 million, for the three months ended March 31, 2022 and 2021, respectively. The compensations are short-term employee benefits.

The Group has no standard arrangement with regard to the remuneration of its directors.

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 equity holders for the years 2021, 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.

As discussed in Note 17, on September 29, 2021, the Parent Company received a letter from the Philippine Stock Exchange (PSE) giving the Parent Company until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, the Parent Company was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned. On May 13, 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of new shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements.

20. Basic/Diluted Loss Per Share

	March 31, 2022 *(Unaudited)*	March 31, 2021 *(Unaudited)*
Net loss for the year	**₱ 118,347,588**	₱157,395,413
Divided by weighted average number of outstanding common shares	**3,174,405,821**	3,174,405,821
Basic/diluted losses per share	**₱0.04**	₱0.05

The Group has no potential dilutive common shares as of March 31, 2022 and March 31, 2021. 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	
	2022 *(Unaudited)*	2021 *(Unaudited)*
Depreciation and amortization (Notes 11 and 12)	**₱47,225,244**	64,175,710
Taxes and licenses	**21,649,165**	15,333,492
Utilities	**19,817,876**	14,983,717
Salaries and wages	**13,706,680**	14,551,341
Repairs and maintenance	**11,038,551**	9,913,696
Contracted services	**9,600,877**	8,588,806
Service fee	**9,380,357**	9,380,357
Security services	**6,095,841**	6,036,471
Gaming fees	**4,230,034**	125,267
Hotel room and supplies	**2,762,813**	2,490,313
Advertising and marketing	**2,614,441**	3,473,201
Insurance	**2,069,631**	2,069,631
Transportation and travel	**1,880,654**	2,618,212
Communication	**1,833,276**	1,826,159
Professional fees	**1,530,509**	1,436,867

	For the Three months ended March 31	
	2022	2021
	(Unaudited)	*(Unaudited)*
Food, beverage, and tobacco	**1,115,488**	4,526,609
Supplies	**704,113**	425,286
Entertainment	**478,072**	-
Meetings and conferences	**330,000**	330,000
Retirement	**209,889**	209,889
Rent	**153,463**	383,188
Director's fee	**-**	122,000
Banquet expenses	**-**	-
Others	**2,598,787**	1,392,000
	₱161,025,761	₱164,392,212

22. **Operating Segment Information**

The Group has two operating segments in 2022, 2021, and 2020. 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, 2022 and 2021 are as follows:

	2022		
	Gaming	**Non-gaming**	**Total**
Revenue	**₱45,316,531**	**₱22,574,446**	**₱ 67,890,977**
Operating costs and expenses	**(54,464,007)**	**(106,561,754)**	**(161,025,761)**
Other expenses – net	**(14,110,328)**	**(11,077,748)**	**(25,188,076)**
Provision for income tax		**(979,784)**	**(979,784)**
Net income (loss)	**₱ (23,257,804)**	**₱ (96,044,840)**	**₱ (119,302,644)**

	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 loss	₱ 48,536,244	₱ (108,859,168)	₱ (157,395,413)

Segment Assets and Liabilities and Other Information
The segment assets, liabilities, capital expenditures and other information as of March 31, 2022 and December 31, 2021 are as follows:

	2022		
	Gaming	**Non-gaming**	**Total**
Assets	**₱1,631,693,131**	**₱3,324,804,438**	**₱4,956,497,569**
Liabilities	**4,312,353,979**	**1,864,300,539**	**6,176,654,518**
Capital expenditures	**494,392**	**1,007,389**	**1,501,781**
Interest income	**2,941**	**1,033**	**3,974**
Depreciation and amortization	**10,005,960**	**37,219,284**	**47,225,244**

	2021		
	Gaming	Non-gaming	Total
Assets	₱1,441,164,918	₱3,553,930,915	₱4,995,095,833
Liabilities	874,988,201	5,221,192,510	6,096,180,711
Capital expenditures	2,916,959	18,108,324	21,025,283
Interest income	–	256,488	256,488
Depreciation and amortization	61,400,129	182,931,335	244,331,464

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, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Receivable arising from PTO related to gaming equipment	**₱309,952,271**	**₱341,889,763**	₱331,565,992	₱381,328,949
Long-term deposits	**6,267,386**	**6,267,386**	6,267,386	6,267,386
	₱316,219,657	**₱348,157,149**	₱337,833,378	₱387,596,335
Financial Liabilities				
Advances from Stockholders	**₱645,495,783**	**₱645,495,783**	₱613,190,035	₱613,190,035
Loans payable	**2,290,730,902**	**2,290,730,902**	2,289,957,577	2,289,957,577
	₱2,936,226,685	**₱2,936,226,685**	₱2,903,147,612	₱2,903,147,612

As of March 31, 2022 and December 31, 2021, 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, 2022 and December 31, 2021.

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 ₱1.2 billion and ₱1.3 billion as its capital as of March 31, 2022 and December 31, 2021, 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, 2022 (Unaudited)	December 31, 2021 (Audited)
Total current assets	**₱377,742,602**	₱352,874,320
Total current liabilities	**912,850,220**	761,996,472
Current ratio	**0.40**	0.46
Total liabilities, excluding deposit for future stock subscription	**₱3,750,152,771**	₱3,669,678,963
Total equity	**1,206,344,799**	1,325,416,870
Debt-to-equity ratio	**3.11**	2.77

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 ₱400.0 million. While continuously having discussions with the non-bank creditors for extension of credit terms.

ITEM 6. 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, 2022 and 2021.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the three months ended March 31, 2022 and 2021:

	For the Three months Ended			
	March 31, 2022	March 31, 2021	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱35.4	₱36.7	(₱1.3)	(3.5%)
Hotel	12.0	6.5	5.5	84.6%
Bingo Operations	9.9	0.0	9.9	100.0%
Food and Beverage	6.3	2.7	3.6	133.3%
Rental	3.2	1.7	1.5	88.2%
Other revenue	1.1	0.5	0.6	120.0%
	67.9	48.1	19.8	41.2%
Operating cost and expenses	(161.0)	(164.4)	3.4	(2.1%)
Operating loss	(93.1)	(116.3)	23.2	(19.9%)
Other income (expenses)				
Interest expense	(25.2)	(41.3)	16.1	(39.0%)
Interest income	0.0	0.02	(0.02)	(100.0%)
Miscellaneous income (expenses)	(0.01)	0.2	(0.2)	(105.0%)
	(25.2)	(41.1)	15.9	(38.7%)
Loss before income Tax	(118.3)	(157.4)	39.1	(24.8%)
Provision for income tax	(1.0)	(0.0)	(1.0)	(100.0%)
Net loss	(119.3)	(157.4)	38.1	(24.2%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.2	0.2	0.0	0.0%
Total comprehensive loss	(119.1)	(157.2)	38.1	(24.2%)
Basic/diluted loss per share	₱(0.04)	₱ (0.05)	(₱0.01)	(20.0%)

Comparison of Operating Results for the Years Ended March 31, 2022 and 2021

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, 2022 and 2021 amounted to ₱67.9 million and ₱48.1 million, respectively.

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

- Revenue share in gaming operations decreased by ₱1.3 million or 3% from ₱36.7 million in 2021 to ₱35.4 million in 2022. Revenue Share in Gaming Operations increased by ₱1.9 million or 4% from ₱44.8 million in 2021 to ₱46.7 million in 2022 offset by the increased of Cost of Gaming Operations by ₱3.1 million or 38% from ₱8.2 million in 2021 to ₱11.3 million in 2022. The Cost of Gaming Operations includes gaming marketing promotions and prizes.

- Revenue from hotel rooms increased by ₱5.5 million or 85% from ₱6.5 million in 2021 to ₱12.0 million in 2022. The hotel is accredited Multi-Use Hotel, an accommodation establishment that have been inspected by Department of Tourism (DOT) and Bureau of Quarantine (BOQ) and determined to be suitable for the accommodation of both quarantine and non-quarantine guests by reason of compliance with standards for physical separation of guests. The increase in revenue is due to higher number of bookings from the returning overseas Filipinos, the accommodation of off-signers crew of shipping as well as for leisure bookings. Accordingly, the room occupancy rate increased from 39% in 2021 to 51% in 2022. Of the 128 rooms available on average each day, average occupied paying rooms per day is 65 rooms in 2021, which is higher than the 40 rooms in 2021.

- Revenue from food and beverage increased by ₱3.6 million or 133% from ₱2.7 million in 2021 to ₱6.3 million in 2022. The increase is attributable to higher food and beverage covers and banquet events held in the first quarter of 2022.

- Revenue from bingo operations increased from nil in 2021 to ₱9.9 million in 2022. The bingo operations have only operated until March 13, 2020 and resume to operate beginning December 2021 on limited capacity.

- Revenue from rental increased by ₱1.5 million or 88% from ₱1.7 million in 2021 to ₱3.2 million in 2022. The increase is due to waiver of rent discount to its concessionaires. In addition, two new concessionaires resume its operation.

- Other revenue increased by ₱0.6 million or 120% from ₱0.5 million in 2021 to ₱1.1 million in 2022. This is mainly attributable to increase in consumption of utilities billed by the Group to its concessionaires.

Total operating costs and expenses for the period ended March 31, 2022 and 2021 amounted to ₱161.0 million and ₱164.4 million, respectively. The significant decrease in the total operating costs and expenses is due to lower depreciation, salaries and wages, cost of food, beverage and tobacco and salaries and wages which is offset by the increase in taxes and licenses, utilities, repairs and maintenance, contract services, gaming fees and other operating expense.

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

- Depreciation and amortization decreased by ₱17 million or 26% from ₱64.2 million in 2021 to ₱ 47.2 million in 2022. This is due to several equipment becoming fully depreciated during the period and fully amortization of prepayments.

- Salaries and wages expense decreased by ₱0.9 million or 6% from ₱14.6 million in 2021 to ₱13.7 million in 2022. This is attributable to reduced worked days and limited allowable capacity to operate for the first quarter.

- Utilities increased by ₱4.8 million or 32% from ₱15.0 million in 2021 to ₱19.8 million in 2022. The increase is attributable to increased gaming capacity, higher occupancy and increased consumption of utilities from concessionaires.

- Taxes and licenses increased by ₱6.3 million or 41% from ₱15.3 million in 2021 to ₱21.6 million in 2022. The increase corresponds with the higher property taxes for the year.

- Repairs and maintenance expense increased by ₱1.1 million or 11% from ₱9.9 million in 2021 to ₱11.0 million in 2022. The increase is due to increased usage of air-conditioned facilities and increased preventive maintenance to generator sets.

- Contracted services increased by ₱1.0 million or 12% from ₱8.6 million in 2021 to ₱9.6 million in 2022. This is mainly due to the increased in contracted manpower services in the hotel and casino with increased worked days and with higher occupancy for the first quarter.

- Security services expense slightly increased by ₱0.1 million or 2% from ₱6.0 million in 2021 to ₱6.1 million in 2022. Hotel and casino operations resumed which resulted to increase in required number of security services.

- Advertising and marketing decreased by ₱0.9 million or 25% from ₱3.5 million in 2021 to ₱2.6 million in 2022. Marketing efforts to advertise the hotel were reduced since the Department of Tourism (DOT) prohibited the leisure operations of hotel.

- Hotel room and supplies increased by ₱0.3 million or 11% from ₱2.5 million in 2021 to ₱2.8 million in 2022. The increase is due to higher occupancy this period.

- Professional fees increased by ₱0.1 million or 7% from ₱1.4 million in 2021 to ₱1.5 million in 2022. This is mainly due to the increase in retainer's fees, consultancy fees and accounting fees rendered to the Group.

- Gaming fees increased by ₱3.8 million or 100% from nil in 2021 to ₱3.8 million in 2022. The increase is mainly due to the reopening of the bingo operations last December 2021 up to date.

- Entertainment expenses increased by ₱0.5 million or 100% from nil in 2021 to ₱0.5 in 2022. Performances for hotel guests and casino players resumed.

- Other expenses increased by ₱1.2 million or 87% from ₱1.4 million in 2021 to ₱2.6 million in 2022. The increase is due to the increase in operating and administrative related activities of the Group which resulted to increase in incurrence of miscellaneous expenses.

6.2 Analysis of Statements of Financial Position

	For the Period Ended			
	March 31, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso			
Assets				
Cash and cash equivalents	₱30.8	₱12.8	₱18	140.6%
Receivables	222.9	220.0	2.9	1.0%
Inventories	14.7	15.5	(0.8)	(5.2%)
Current portion of input value added tax	15.4	13.4	2	14.9%
Prepayments and other current assets	94.0	91.3	2.7	3.0%
Property and equipment	4,242.9	4,288.4	(45.5)	(1.1%)
Input VAT- net of current portion	102.7	100.1	2.6	2.6%
Other noncurrent asset	233.2	253.7	(20.5)	(8.0%)
Total Assets	₱4,956.5	₱4,995.1	(38.6)	(0.8%)
Liabilities				
Accounts payable and other current liabilities	₱761.9	₱706.4	55.5	7.9%
Retention payable	4.1	4.1	0	0.0%
Interest payable	41.7	51.5	(9.8)	(19.0%)
Advances from Stockholders	645.5	611.5	34	5.6%
Loans payable	2,290.7	2,290.0	0.7	0.0%
Deposit for future subscription	2,426.5	2,426.5	0	0.0%
Other noncurrent liabilities	6.3	6.2	0.1	1.6%
Total Liabilities	6,176.7	6,096.2	80.5	1.3%
Capital stock	3,174.4	3,174.4	0	0.0%
Deficit	(4,402.9)	(4,283.6)	(119.3)	2.8%
Actual gains on retirement liability	8.3	8.1	0.2	2.5%
Total Equity	(1,220.2)	(1,101.1)	(119.1)	10.8%
Total Liabilities and Equity	₱4,956.5	₱4,995.1	(₱38.6)	(0.8%)

Discussion on some Significant Change in Financial Condition as of March 31, 2022 and December 31, 2021

Total assets amounting to ₱4,956.5 million as of March 31, 2022 decreased by ₱38.6 million or 0.8% from ₱4,995.1 million in December 31,2021.

1. For the period ended March 31, 2022, cash and cash equivalence increased by ₱18.0 million or 140.6%, from ₱12.8 million in 2021 to ₱30.8 million in 2022 due to the following:

    a) The negative cash flows used in operating activities amounting to ₱8.2 million resulted from the difference in operating loss generated amounting to ₱118.3 million and changes in the working capital amounting to ₱54.6 million. The significant decrease in operating income is due to the limited accommodation on food and beverage, and hotel operations, waiver of rental receivables, limited operational table games and slot machine operation and low banquet events.

    b) Net cash flows used in investing activities amounting to ₱19.5 million is due to the decrease in other noncurrent asset amounting to ₱20.3 million.

    c) Net cash flows provided by financing activities amounted to ₱0.001 million for the current year. The Group received proceeds from advances to stockholders amounting to ₱34 million and decrease of restricted cash amounting to ₱1.0 million to pay for its maturing interest on loan.

2. The ₱2.9 million or 1.0% slight increase in receivables is primarily due to:
    a. Increase in receivable is mainly due to higher receivables from PAGCOR due to the increased gaming revenue

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

3. The decrease in inventories of ₱0.8 million or 5.2% from ₱15.5 million in 2021 to ₱14.7 million in 2022 is mainly due decline in purchases of inventories. Also, the Group did not acquired new playing cards and consumed ₱2 million from its available sets..

4. Prepayments and other current assets increased by ₱2.7 million or 3% from ₱91.3 million in 2021 to ₱94.0 million in 2022. The significant increase is mainly due to the increase in CWT totaling to ₱1.5 million and increase in prepayments totaling to ₱1.2 million.

5. The decrease in other noncurrent assets of ₱20.5 million or 8% from ₱253.7 million in 2021 to ₱233.5 million in 2022 is mainly due to depreciation of fixed asset and lower receivable arising from PTO related to gaming equipment.

6. The accounts payable and other current liabilities increased by ₱55.5 million or 8% from ₱706.4 million in 2021 to ₱761.9 million in 2022. 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.

7. Interest payable decreased by ₱9.8 million or 19% from ₱51.5 million in 2021 to ₱41.7 million in 2022.

8. The increase in current portion of loans payable by ₱105.2 million or 100% from nil in 2020 to ₱ 105.2 million in 2021 is attributable to the Group's scheduled loan principal repayment by first quarter of 2023.

9. Advances from stockholders increased by ₱34.0 million or 5.6% from ₱611.5 million in 2021 to ₱ 645.5 million in 2022 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, 2022 and 2021:

Indicators	**Manner of Computation**	**For the three months ended March 31**	
		2022	2021
Current ratio	Current Assets / Current Liabilities	**0.41:1**	**0.38:1**
Debt-to-Equity Ratio	Total Liabilities / Total Equities	**3.11:1**	**1.67:1**
Asset Liability Ratio	Total Assets / Total Liabilities	**0.80:1**	**0.94:1**
Return on Assets	Net Income (Loss) / Total Assets	**(2%)**	**(3%)**
Basic Earnings (losses per share)	Net Income (Loss) / Outstanding Common Shares	**(₱0.04)**	**(₱0.05)**

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, 2022, the current ratio is 0.41:1 compared to 0.38:1 of the prior year. The outstanding liabilities in 2022 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 ₱0.41 current assets to support every ₱1.00 of their 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, 2022, the debt to equity ratio has increased by 1.44 from 1.67 in 2021 to 3.11 in 2022. 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, 2022, the asset-liability ratio is 0.80:1 from 0.94:1 as of that of March 31, 2021. The ratio indicates that the Group has ₱.80 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, 2022 and 2021, the return on asset is negative 2% and 3% respectively.

For the three months ended March 31, 2022, the Group's loss per share amounts to (₱0.04) which decreased from (₱0.05) 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 Resort & Casino (WMRC) is the newest integrated resort in the heart of San Lazaro Tourism and Business Park in the Philippine capital's historic Chinese quarter. Built at a cost of ₱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.

Among its key features are 128 all-suite rooms, an expansive podium to house high-end restaurants, 900 parking slots, a fully-equipped fitness center, dental clinic, business centers, and over 9,000 square meters of internationally- designed indoor gaming and entertainment facilities.

WMRC has been ramping up its gaming operations, adding more gaming tables and slot machines to its floor area in April of 2018 to accommodate the drastic increase of in visitations. Due to the effects of quarantine restrictions, WMRC on December 31, 2021 reduced its operational gaming tables from 30 in 2019 to 22 in 2020 and 2021; and its operational slot machines from 521 in 2019 to 273 and 413 in 2020 and 2021, respectively. As report date, operational gaming table is stil 20, and operational slot machine is 492.

Operating hours were also reduced and due to social distancing, the ground floor casino was renovated to expand the gaming area in order to allow more additional slot machines and electronic table games to operate at the same time without compromising safety protocols. By the end of next year, WMRC plans to steadily increase its operational table games to 30 and operational slot machines to more than 500.

Moving forward, WMRC anticipates the busiest gaming area will be its ground floor, with renovations in this area completed in August 2021. In addition to this, WMRC built a private slot salon in the area that previously occupied by the ground floor cage and money changer. Being a slot machine-driven market wherein revenue goals can be met, WMRC aims to improve and expand its operations in the second half of 2022.

As for table games, the pandemic proved that game pace can be improved with the lessening of crowding. WMRC intends to keep this practice for its higher limit tables, and intends to increase the number of table games to 30 by the third quarter of 2022 from its current complement of 22.

On the Hotel front, WMRC has resumed accepting leisure bookings and the weekend demand for staycations has returned. The Hotel is working with the pharmaceutical sector and other corporate accounts to fill up rooms on week days. WMRC's Members' Room Promo is also being offered to bring back the casino patrons, while its ballrooms have reopened for events with 100 percent capacity. Social events are picking up on weekends, while small meetings are slowly filling up the function rooms on week days. In addition, the Hotel has joined wedding and travel expositions to increase bookings for both hotel and ballroom.

WMRC continues to work on improving its amenities with the goal of achieving at least a 4-star rating. The Department of Tourism (DoT) recently visited the integrated resort and advised its Management on the changes that needed to be made in order for WMRC to earn said rating. Achieving this will allow WMRC to further increase its revenues from Travel Agency Partners, as well as from Free Independent Travelers. In the first half of 2022, WMRC earned a Traveller Review Awards rating of 8.3 out fo 10 from Booking.com.

WMRC marketing and public relations (PR) highlights included a quarterly car raffle, monthly appliance and cash raffles, monthly live concerts, Earn & Redeem promotions, room & buffet promos, and grand jackpots.

Annex ''C''
Interim Unaudited Financial Statements for the period ended June 30, 2022

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) 917-595-5222

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 **June 30, 2022**

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) 8528-2300

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"**.

- Unaudited Interim Consolidated Statements of Financial Position as of June 30, 2022 (with Comparative Audited Figures as at December 31, 2021)
- Unaudited Interim Consolidated Statements of Comprehensive Income For the Three Months and Six Months Ended June 30, 2022 and 2021
- Unaudited Interim Consolidated Statements of Cash Flows For the Periods Ended June 30, 2022 and 2021
- Unaudited Interim Consolidated Statements of Changes in Equity For the Quarters Ended June 30, 2022 and 2021
- Aging Schedule of Receivables as of June 30, 2022
- Notes to Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Plan of Operations

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

AUG 15 2022
Date

By:

JOEMAR L. ONNAGAN
Director for Finance and Administration

SUBSCRIBED AND SWORN to before me this AUG 15 2022 at Pasig City, affiant exhibiting to me his TIN 927-386-200.

Doc. No. 397;
Page No. 81;
Book No. X;
Series of 2022.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 81 (2022-2023)
December 31, 2023
PTR No.8132084/1-21-2022/PASIG CITY
IBP No.199958/1-19-2022/PASIG CITY
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY No. 57018

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, 2022
(With Comparative Audited Figures as of December 31, 2021)

	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
ASSETS		
Current Assets		
Cash (Note 6)	₱ 29,533,657	₱12,827,775
Receivables (Note 7)	255,337,329	219,901,860
Inventories (Note 8)	14,443,779	15,461,433
Input value-added tax (VAT) - current (Note 9)	28,857,772	13,405,199
Other current assets (Note 10)	96,406,086	91,278,053
Total Current Assets	**424,578,623**	**352,874,320**
Noncurrent Assets		
Property and equipment (Note 11)	4,196,079,270	4,288,449,743
Input VAT - net of current portion (Note 9)	95,821,141	100,082,039
Other noncurrent assets (Note 13)	203,333,707	253,689,731
Total Noncurrent Assets	**4,495,234,118**	**4,642,221,513**
TOTAL ASSETS	**4,919,812,740**	**4,995,095,833**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 14)	728,234,848	706,430,625
Current portion of loans payable (Note 15)	210,444,580	-
Interest payable (Notes 15)	51,658,293	51,445,063
Retention payable (Note 11)	4,120,784	4,120,784
Total Current Liabilities	**994,458,505**	**761,996,472**
Noncurrent Liabilities		
Deposit for future stock subscription (Note 17)	2,426,501,748	2,426,501,748
Loans payable - net of current portion (Note 15)	2,081,063,065	2,289,957,577
Advances from stockholders (Note 18)	761,509,389	611,505,320
Other noncurrent liabilities	6,241,806	6,219,594
Total Non-Current Liabilities	**5,275,316,008**	**5,334,184,239**
Total Liabilities	**6,269,774,513**	**6,096,180,711**
Equity		
Capital stock (Note 19)	3,174,405,821	3,174,405,821
Deficit	(4,532,899,731)	(4,283,561,694)
Actuarial gains on retirement liability	8,532,137	8,070,995
Total Equity (Capital Deficiency)	**(1,349,961,773)**	**(1,101,084,878)**
TOTAL LIABILITIES AND EQUITY	**₱ 4,919,812,740**	**₱ 4,995,095,833**

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	
	2022	2021	**2022**	2021
REVENUE				
Revenue share in gaming operations	**₱ 56,028,345**	**₱ 9,685,161**	**₱91,425,960**	**₱ 46,402,704**
Hotel	**12,549,483**	**14,588,142**	**24,518,414**	**21,119,989**
Food and beverage	**10,576,625**	**4,560,793**	**16,913,197**	**7,209,748**
Bingo operations	**15,676,855**	-	**25,595,771**	-
Rental	**2,242,048**	**1,482,215**	**5,406,552**	**3,231,454**
Other revenue	**1,409,264**	**173,682**	**2,491,346**	**647,287**
	98,482,620	**30,489,933**	**166,351,240**	**78,611,182**
OPERATING COSTS AND EXPENSES (Note 21)	**(181,429,357)**	**(161,049,151)**	**(342,455,118)**	**(325,441,363)**
OPERATING LOSS	**(82,946,737)**	**(130,559,158)**	**(176,103,878)**	**(246,830,181)**
OTHER INCOME (EXPENSES)				
Interest expense and other financing charges	**(45,427,161)**	**(42,608,745)**	**(70,607,835)**	**(83,975,011)**
Interest income	**569,806**	**243,849**	**573,780**	**260,781**
Miscellaneous expenses – net	**(102,867)**	**25,156**	**(114,243)**	**253,472**
	(44,960,222)	**(42,339,740)**	**(70,148,298)**	**(83,460,758)**
LOSS BEFORE INCOME TAX	**(127,906,958)**	**(172,898,898)**	**(246,252,175)**	**(330,290,939)**
PROVISION FOR INCOME TAX	**(2,106,075)**	**(1,892)**	**(3,085,859)**	**(5,264)**
NET LOSS	**(130,013,033)**	**(172,900,790)**	**(249,338,034)**	**(330,296,203)**
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	**(129,782,462)**	**(172,670,219)**	**(248,876,892)**	**(329,835,061)**
Basic/Diluted Loss Per Share (Note 20)	**₱0.040**	**₱0.054**	**₱0.078**	**₱0.104**

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 JUNE 30, 2022 AND 2021

	Capital Stock (Note 19)	Deficit	Actuarial gains on retirement liability	Total
BALANCES AT DECEMBER 31, 2021	**3,174,405,821**	**(4,283,561,694)**	**8,070,995**	**(1,101,084,878)**
Total Comprehensive income for the period	-	**(249,338,034)**	**461,142**	**(249,014,037)**
BALANCES AT JUNE 30, 2022	**3,174,405,821**	**(4,532,899,731)**	**8,532,137**	**(1,349,961,773)**
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)**

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 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱246,252,175)**	**(₱330,290,939)**
Adjustments for:		
Depreciation and amortization	**94,399,250**	**126,294,064**
Interest expense and other financing charges	**69,400,840**	**83,975,011**
Retirement benefit expense	**(41,364)**	**419,778**
Unrealized foreign exchange loss (gain)	**(37,635)**	**(62,200)**
Interest income	**(573,780)**	**(260,781)**
Operating loss before working capital changes	**(83,104,864)**	**(119,925,067)**
Decrease (increase) in:		
Receivables	**(28,780,907)**	**(368,223)**
Inventories	**1,017,654**	**2,957,932**
Input VAT	**(11,191,675)**	**(11,308,192)**
Other current assets	**(2,868,139)**	**(6,682,966)**
Increase (decrease) in:		
Accounts payable and other current liabilities	**22,495,764**	**65,088,451**
Retention payable	**-**	**(3,826,469)**
Other noncurrent liabilities	**(166,823)**	**1,032,100**
Net cash generated from (used in) operations	**(102,598,990)**	**(73,032,434)**
Income taxes paid	**-**	**(5,264)**
Interest received	**(2,512,079)**	**260,781**
Net cash flows provided by (used in) operating activities	**(105,111,069)**	**(72,776,917)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	**(8,280,686)**	**(12,510,264)**
Decrease (increase) in other noncurrent assets	**49,953,370**	**43,608,530**
Net cash flows provided by (used in) investing activities	**41,672,684**	**(31,098,266)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan):		
Interest and other financing charges	**(68,851,509)**	**(72,294,850)**
Decrease (increase) in restricted cash	**(2,259,894)**	**66,686,414**
Proceeds from:		
Advances from stockholders	**151,218,035**	**39,413,818**
Net cash flows provided by (used in) financing activities	**80,106,632**	**33,805,382**
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**37,635**	**62,200**
NET INCREASE (DECREASE) IN CASH	**16,705,882**	**(7,811,069)**
CASH AT BEGINNING OF YEAR	**12,827,775**	**21,049,397**
CASH AT END OF PERIOD (Note 6)	**₱ 29,533,656**	**₱ 13,238,328**

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, 2022:

	Total	Neither past due nor impaired	Past due but not impaired					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	
Trade:								
Non-related parties	85,541,773	5,025,767	9,845,183	4,230,064	1,336,821	65,103,937	-	0
Related parties	417,915	-	-	-	-	417,915	-	-
Nontrade	125,681,357	-	-	-	-	15,299,440	-	110,381,917
Receivable arising from PTO	356,564,550	336,121,557	20,224,485	-	-	218,508	-	-
	568,205,595	**341,147,324**	**30,069,668**	**4,230,064**	**1,336,821**	**81,039,800**	`	**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 12, 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. On November 18, 2021, IATF has implemented revised guidelines for the country's COVID-19 restrictions and response allowing casino operations to operate in areas under Alert Level 2.

As of the date of the report, the Group has not yet resumed its full operation of the casino as a result of the PAGCOR and IATF memorandum.

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), front liners, and off-signers crew from shipping companies.

While the permit to accept leisure bookings is currently pending DOT approval, MIC is operating as Multi-Use Hotels (MUH) and is authorized to accept essential and business bookings. Banquet events

that require the use of MIC facilities such as the ballroom and function rooms for events like conferences and weddings are also permitted, with strict adherence to safety protocols

For the quarter ended June 30, 2022 and 2021, the Group has reported net losses of ₱247.9 million and ₱330.3 million which resulted to capital deficiency amounting ₱1,350.1 million as at June 30, 2022. Furthermore, the Group's current liabilities exceeded its current assets by ₱569.9 million and ₱409.1 million as at June 30, 2022 and December 31, 2021, respectively.

These conditions indicate a material uncertainty exists that may cast significant doubts on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management will continue to carry out activities to pursue business opportunities related to its gaming, hotel, and rental operations. The Group is also closely working with PAGCOR for its operations and exploring new business opportunities. The Group also implemented certain cost-saving measures in 2022 and 2021 to reduce its fixed and variable costs and the management will continue to implement this in 2022.

Moreover, the Group's ability to continue as a going concern is dependent on the commitment to defer payment of advances from related parties and stockholders and waiver of management service fees. On July 30, 2021, a credit line facility was extended by a local bank to the Group and is valid until July 30, 2022. The Parent Company's stockholders and related parties undertake to provide continuing financial support to enable the Group to meet its obligations as and when they fall due and there is a reasonable expectation that the adequate funding will become available when necessary. Furthermore, to promptly address the Group's capital deficiency, the BOD in its resolution dated May 13, 2022, requested the principal stockholders to confirm their intention and agreement to convert the deposits for future stock subscription, aggregating to ₱2,426.5 million, into equity through the issuance of new shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements. Consequently, the consolidated financial statements have been prepared on a going concern basis.

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 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 report date, the Group has resumed its bingo operations on a limited capacity.

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 which 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 statement of financial position as of December 31, 2020 (see Note 7). In 2021, 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, 2020 (see Note 7). In 2021, 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 2022, 2021 and 2020).

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**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides 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, 2022; 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 amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

- Amendments to PFRS 9, PAS 39, 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 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.

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, 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Group is currently assessing the impact of the amendments.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- 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

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the 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.

  The Group is still assessing the impact of the amendments.

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 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 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.

<u>Financial Instruments - Classification and Measurement</u>
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 June 30, 2022 and December 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 expected credit loss (ECL) model.

As of June 30, 2022 and December 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 June 30, 2022 and December 31, 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.

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.

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.

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.

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 June 30, 2022 and December 31, 2021 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 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 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. The Parent Company's stockholders and related parties undertake to provide continuing financial support to enable the Group to meet its obligations as

and when they fall due and there is a reasonable expectation that the adequate funding will become available when necessary. 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.

Transfer of Investment Properties
The Group has made transfers to investment properties after determining that there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment properties at the date of change in use.

In 2020, the Parent Company has an existing lease agreement with a third party to lease and convert the parking and roof-deck area of Winford Hotel and Casino into an office space for lease. In 2021, the lease agreement was terminated. Thus, the Parent Company reclassified investment properties amounting to ₱714.8 million from investment properties to property and equipment (see Notes 11).

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, 2021 and 2020, 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.

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 June 30, 2022 and December 31, 2021 amounted to ₱121.0 million. 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 ₱ 448.2 million and ₱461.5 million as at June 30, 2022 and December 31, 2021 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 2022, 2021 and 2020. The carrying value of property and equipment as of June 30, 2022 and December 31, 2021 are disclosed in Notes 11 and 12 to the consolidated financial statements, respectively.

Impairment of Property and Equipment and Investment Properties (in 2020)
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 asset, 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.

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 period ended June 30, 2022 and years ended December 31, 2021. The net book values of the Group's property and equipment amounted to ₱ 4,196.0 million and ₱4,288.4 million, as of June 30, 2022 and December 31, 2021 (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 ₱28.9 million is recoverable within the next 12 months from the reporting date and non-current portion amounting to ₱95.8 million is recoverable for the years thereafter (see Note 9). In 2021, due to the termination of the lease agreement with a third party, which is expected to generate revenues subject to output VAT, the Group recorded an impairment loss amounting to ₱360.8 million (see Notes 9).

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.

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.

6. Cash

This account consists of:

	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Cash on Hand	**₱ 5,971,187**	₱2,170,140
Cash in Bank	**23,562,470**	10,657,635
	₱ 29,533,657	₱ 12,827,775

Cash in banks generally earns interest at the respective bank deposit rates. Total interest income earned from cash in banks amounted to ₱0.01 million and ₱0.04 million in 2022 and 2021, respectively.

7. Receivables

This account consists of:

	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Trade:		
Non-related parties	**₱85,472,010**	₱ 96,859,684
Related parties (Note 18)	**418,347**	418,347
Nontrade	**125,681,357**	125,681,357
Receivable arising from PTO related to:		
Gaming equipment	**94,776,824**	89,949,636
Gaming facility	**63,761,610**	21,786,996
Advances to employees	**6,185,530**	6,164,189
	376,295,678	340,860,209
Less: Allowance for ECL	**120,958,349**	120,958,349
	₱255,337,329	₱219,901,860

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, 2022 and December 31, 2021:

	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Balance at beginning of year	**₱120,958,349**	₱118,264,139
Provision	**-**	2,694,210
	₱120,958,349	₱120,958,349

8. **Inventories**

This account consists of:

	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
At cost:		
Operating supplies	**₱ 10,678,949**	₱ 11,678,280
Food, beverage, and tobacco	**3,764,829**	3,783,153
	₱ 14,443,778	₱ 15,461,433

Operating supplies include cards, seals and dice.

No allowance for inventory obsolescence was recognized in 2022 and 2021.

9. **Input VAT**

	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Input VAT - current	**₱28,857,772**	₱13,405,199
Noncurrent:		
Input VAT – noncurrent	**443,066,381**	447,327,279
Deferred input VAT	**13,515,163**	13,515,163
	456,581,544	460,842,442
Less: Allowance for impairment of input VAT	**360,760,403**	360,760,403
	95,821,141	100,082,039
	₱124,678,913	₱113,487,238

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.

Allowance for Impairment of Input VAT

In 2021, the Group recognized allowance for impairment of input VAT amounting to ₱360.8 million.

10. Other Current Assets

This account consists of:

	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Restricted cash (Note 15)	**₱ 70,373,607**	₱ 68,113,713
Creditable withholding taxes	**10,449,764**	8,175,059
Prepayments	**15,582,716**	14,989,281
	₱ 96,406,087	₱ 91,278,053

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).

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

Prepayments pertain to advance payments for software maintenance, advertising services, health insurance, electricity connection, billboard, and operating supplies.

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**	**4,225,248,350**	**230,408,187**	**466,626,825**	**640,491,798**	**6,163,575,160**
Additions	**–**	**625,000**	**178,571**	**624,379**	**32,000**	**1,459,950**
Balance at end of period	**600,800,000**	**4,225,873,350**	**230,586,758**	**467,251,204**	**640,523,798**	**6,165,035,110**
Accumulated depreciation						
Balance at beginning of year	**–**	**657,183,338**	**122,233,255**	**459,601,562**	**635,941,089**	**1,874,959,244**
Depreciation (Note 21)	**–**	**75,176,272**	**11,232,338**	**4,270,481**	**3,317,508**	**93,996,599**
Balance at end of period	**_**	**732,359,610**	**133,465,593**	**463,872,043**	**639,258,597**	**1,968,955,843**
Net book value	**600,800,000**	**3,493,513,740**	**97,121,165**	**3,379,161**	**1,265,201**	**4,196,079,267**

	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	–	12,726,983	7,483,019	470,033	525,248	21,205,283
Transfer from investment properties (Note 12)		714,790,600	–	–	–	714,790,600
Balance at end of year	600,800,000	4,226,307,936	229,182,425	466,626,827	640,491,800	6,163,408,988
Accumulated depreciation						
Balance at beginning of year	–	536,976,508	100,146,327	396,672,103	627,497,596	1,661,292,534
Depreciation (Note 21)	–	120,206,830	22,086,928	62,929,459	8,443,494	213,666,711
Balance at end of year	–	657,183,338	122,233,255	459,601,562	635,941,090	1,874,959,245
Net book value	₱600,800,000	₱ 3,569,124,598	₱ 106,949,170	₱ 7,025,265	₱ 4,550,710	₱ 4,288,449,743

As of June 30, 2022 and December 31, 2021, land and building with an aggregate carrying values of ₱ 4.8 billion and ₱4.2 billion were pledged as collateral for the loan facility (see Note 15).

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 December 30, 2021 and December 31, 2020 (see Note 7).

As of June 30, 2022 and December 31, 2021, the Group has outstanding retention payable to its service providers related to renovation and improvements to the building amounting to ₱4.1 million.

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 2022 and 2021 (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.

In 2021, as a result of cancellation of the lease agreement with a third party, the Parent Company reclassified the investment properties amounting to ₱714.8 million to "Property and equipment" account (see Note 11).

Details of the carrying amount of investment properties are shown below:

	2021	2020
Cost		
Balance at beginning of year	**₱781,802,218**	₱781,802,218
Transfers to property and equipment (Note 11)	**(714,790,600)**	–
Balance at end of year	**67,011,618**	781,802,218
Accumulated Depreciation		
Balance at beginning of year	**37,228,677**	7,445,736
Depreciation (Note 24)	**29,782,941**	29,782,941
Balance at end of year	**67,011,618**	37,228,677
Net Book Value	**₱–**	₱744,573,541

No rental income was recognized in 2021, 2020 and 2019. Operating expenses related to the investment properties amounted to ₱8.2 million, ₱8.0 million and ₱5.6 million in 2021, 2020 and 2019, respectively, which pertains mainly to real property taxes. There were no significant repairs and maintenance made to maintain the Parent Company's investment properties in 2021, 2020 and 2019.

13. **Other Noncurrent Assets**

This account consists of:

	June 30, 2022 ***(Unaudited)***	December 31, 2021 *(Audited)*
Receivable arising from PTO related to gaming equipment - net of current portion (Notes 16)	**₱448,186,843**	₱241,616,356
Long-term deposits	**4,905,500**	6,267,386
Advances to contractors and suppliers	**4,779,331**	4,779,331
Operating equipment	**662,219**	1,026,658
	458,533,893	₱253,689,731

Long-term deposits pertain to guarantee payment for utility bills.

Movement in operating equipment are as follows:

	June 30, 2022 *(Unaudited)*			
	Utensils	**Linens**	**Uniforms**	**Total**
Cost				
Balance at beginning of year	**₱23,562,075**	**₱72,632,031**	**₱5,452,757**	**₱101,646,863**
Additions	**–**	**38,214**	**–**	**38,214**
Balance at end of year	**23,562,075**	**72,670,245**	**5,452,757**	**101,685,077**
Accumulated amortization				
Balance at beginning of year	**23,562,075**	**71,775,321**	**5,282,810**	**100,620,206**
Amortization (Note 21)	**–**	**292,310**	**110,342**	**402,652**
Balance at end of year	**23,562,075**	**72,067,631**	**5,393,152**	**101,022,858**
Net book value	**₱–**	**₱602,614**	**₱59,605**	**₱662,219**

	December 31, 2021 *(Audited)*			
	Utensils	Linens	Uniforms	Total
Cost				
Balance at beginning of year	₱ 23,562,076	₱ 72,633,142	₱5,449,609	₱ 101,644,827
Additions	–	–	2,036	2,036
Balance at end of year	23,562,076	72,633,142	5,451,645	101,646,863
Accumulated depreciation				
Balance at beginning of year	23,562,076	71,143,836	5,032,481	99,738,393
Amortization	–	631,485	250,327	881,812
Balance at end of year	23,562,076	71,775,321	5,282,808	100,620,205
Net book value	₱–	₱ 857,821	₱ 168,837	₱ 1,026,658

14. **Accounts Payable and Other Current Liabilities**

This account consists of:

	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Accounts payable	**₱ 354,558,147**	₱ 360,220,378
Accrued expenses	**261,416,355**	236,900,595
Gaming liabilities	**48,483,464**	48,156,968
Taxes payable	**22,378,418**	18,241,546
Contract liabilities	**15,407,470**	16,099,010
Advances from related parties (Note 18)	**4,952,482**	4,982,104
Others	**21,038,513**	21,830,024
	₱ 728,234,849	₱ 706,430,625

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.

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, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Principal	**₱2,307,900,000**	₱2,307,900,000
Less unamortized debt discount	**(16,392,355)**	(17,942,423)
	2,291,507,645	2,289,957,577
Less current portion of long-term debt	**(210,444,560)**	–
	₱2,081,063,065	₱2,289,957,577

The movements in the principal balance of loans payable are as follows:

	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Balance at beginning of year	**₱2,307,900,000**	₱2,307,900,000
Payment	–	–
Balance at end of year	**₱2,307,900,000**	₱2,307,900,000

The movements in unamortized debt discount follow:

	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Unamortized debt discount at beginning of year	**₱17,942,423**	₱15,117,333
Additions*	–	6,011,948
Amortization	**(1,550,068)**	(3,186,858)
Unamortized debt discount at end of year	**16,392,355**	₱17,942,423

**Recorded as "Interest expense and other financing charges" in the consolidated statements of comprehensive income*

Future repayment of the principal as follows:

	June 30, 2022 ***(Unaudited)***	December 31, 2021 *(Audited)*
Within one year	**211,950,000**	₱-
After one year but not more than five years	**2,095,950,000**	2,307,900,000
	₱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 ₱70.4 million and ₱68.1 million in June 30, 2022 and December 31, 2021 are presented under "Prepayments and other current assets" as "Restricted cash" (see Note 10).

The loan is secured by the Parent Company's land and building, classified as property and equipment in the parent company statements of financial position, with an aggregate carrying value of ₱4.8 billion and ₱4.2 billion as of June 30, 2022 and December 31, 2021, 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 ₱138.0 million as of December 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.

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 credit line facility remains unused as of date, and valid until July 31, 2022 and the Company is currently processing its renewal.

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 six months ended June 30, 2022 amounted to ₱174.4 million and ₱85.8 million in June 30, 2021. Accordingly, revenue share in gaming operations for the six months ended June 30, 2022 and 2021, presented in the consolidated statements of comprehensive income, amounted to ₱91.4 million and ₱46.4 million, respectively.

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 June 30, 2022 and December 31, 2021, in accordance with FRB No. 6 as issued by the SEC.

On September 29, 2021, the Parent Company received a letter from the Philippine Stock Exchange (PSE) giving the Parent Company until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, the Parent Company was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned.

On May 13, 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements.

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. Outstanding balances are generally settled through cash.

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	₱-	₱-	₱-	(₱321,233,646)	(₱321,233,646)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances (a)	-	-	(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)	-	-	(41,389)	418,347	418,347	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Various Shareholders								
Deposit for future stock subscription	-	-	-	(2,105,268,102)	(2,105,268,102)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances from stockholders (c)	151,218,035	166,904,808	102,704,215	(764,408,070)	(613,190,035)	Advances from stockholders	Interest-bearing and Non-interest bearing	Unsecured, unguaranteed
Interest payable on advances from stockholders (c)	10,335,980	18,390,553	13,534,528	(43,884,672)	(33,548,692)	Interest payable	Non-interest bearing	Unsecured, unguaranteed
Affiliate								
Manila Cockers Club, Inc. (MCI)								
Commission from the off-track betting (d), (e)	-	-	-	-	-	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	418,347	Receivable		
				764,408,070	613,190,035	Advances from stockholders		
				43,884,672	33,548,692	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 ₱9.2 million, ₱8.5 million, for the three months ended June 30, 2022 and 2021, respectively. The compensations are short-term employee benefits.

The Group has no standard arrangement with regard to the remuneration of its directors.

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 equity holders for the years 2021, 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.

As discussed in Note 17, on September 29, 2021, the Parent Company received a letter from the Philippine Stock Exchange (PSE) giving the Parent Company until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, the Parent Company was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned. On May 13, 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of new shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements.

20. **Basic/Diluted Loss Per Share**

	June 30, 2022 *(Unaudited)*	June 30, 2021 *(Unaudited)*
Net loss for the year	**₱ 249,338,034**	₱330,296,203
Divided by weighted average number of outstanding common shares	**3,174,405,821**	3,174,405,821
Basic/diluted losses per share	**₱0.08**	₱0.10

The Group has no potential dilutive common shares as of June 30, 2022 and June 30, 2021. 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	
	2022 *(Unaudited)*	2021 *(Unaudited)*	**2022 *(Unaudited)***	2021 *(Unaudited)*
Depreciation and amortization (Notes 11 and 12)	47,174,005	62,118,354	94,399,250	126,294,064
Utilities	22,619,450	13,593,410	42,437,325	28,577,128
Salaries and wages	19,267,649	13,632,291	32,974,329	28,183,632
Repairs and maintenance	13,795,546	10,447,429	24,834,096	20,361,124
Contracted services	12,484,542	9,917,946	22,085,420	18,506,752
Taxes and licenses	10,960,938	14,611,477	32,610,103	29,944,969
Service fee	9,380,357	9,380,357	18,760,714	18,760,714
Gaming fees	8,248,635	10,382	12,478,669	135,650
Security services	5,773,053	7,647,364	11,868,894	13,683,834
Food, beverage, and tobacco	4,584,260	1,297,732	5,699,748	5,824,341
Advertising and marketing	4,335,237	4,569,823	6,949,678	8,043,024
Hotel room and supplies	3,985,944	1,647,975	6,748,757	4,138,289
Professional fees	2,891,164	1,928,355	4,421,674	3,365,221
Entertainment	2,329,837	-	2,807,908	-
Communication	1,956,470	1,885,586	3,789,746	3,711,745
Insurance	1,808,003	2,256,883	3,877,634	4,326,514
Transportation and travel	1,518,517	2,845,191	3,399,171	5,463,402
Banquet expenses	997,646	-	997,646	-
Supplies	675,006	387,032	1,379,119	812,318
Meetings and conferences	330,800	332,813	660,800	662,813
Directors’ fees	231,000	-	231,000	122,000
Commission	224,635	-	282,701	-
Retirement	209,889	209,889	419,778	419,778
Rent	116,792	483,200	270,255	866,388
Representation	51,116	-	51,116	-
Others	5,478,867	1,845,662	8,019,586	3237662
	181,429,357	**161,049,151**	**342,455,118**	**325,441,362**

22. **Operating Segment Information**

The Group has two operating segments in 2022, 2021, and 2020. 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 six months ended June 30, 2022 and 2021 are as follows:

	For the Three months ended June 30					
	2022			2021		
	Gaming	**Non-gaming**	**Total**	Gaming	Non-gaming	Total
Revenue	₱ 71,705,200	₱ 26,777,420	₱ 98,482,620	₱ 9,685,161	₱ 20,804,833	₱ 30,489,993
Operating costs and expenses	(71,628,710)	(109,800,648)	(181,429,358)	(48,025,285)	(113,023,866)	(161,049,151)
Other income (expenses) – net	(34,194,457)	(10,765,765)	(44,960,222)	(28,359,324)	(13,980,415)	(42,339,739)
Provision from income tax	(2,106,075)	-0-	(2,106,075)	(1,892)	-0-	(1,892)
Net income (loss)	₱ (36,224,042)	₱ (93,788,993)	₱ (130,013,035)	₱ (66,701,340)	₱ (106,199,449)	₱ (172,900,789)

	For the Six months ended June 30					
	2022			2021		
	Gaming	**Non-gaming**	**Total**	Gaming	Non-gaming	Total
Revenue	₱ 117,021,731	₱ 49,329,509	₱ 166,351,240	₱ 46,402,704	₱ 32,208,478	₱ 78,611,182
Operating costs and expenses	(129,194,964)	(213,260,154)	(342,455,118)	(98,333,675)	(227,107,687)	(325,441,363)
Other income (expenses) – net	(53,340,124)	(16,808,173)	(70,148,297)	(55,835,062)	(27,625,696)	(83,460,758)
Provision from income tax	(3,085,859)	-0-	(3,085,859)	(5,264)	-0-	(5,264)
Net income (loss)	₱ (68,599,216)	₱ (180,738,818)	₱ (249,338,034)	₱ (107,771,297)	₱ (222,524,905)	₱ (330,296,203)

Segment Assets and Liabilities and Other Information

The segment assets, liabilities, capital expenditures and other information as of June 30, 2022 and December 31, 2021 are as follows:

	2022		
	Gaming	**Non-gaming**	**Total**
Assets	**₱1,629,326,426**	**₱3,290,486,314**	**₱4,919,812,740**
Liabilities	**4,524,172,226**	**1,745,602,287**	**6,269,774,514**
Capital expenditures	**-**	**1,459,950**	**1,459,950**
Interest income	**436,073**	**137,707**	**573,780**
Depreciation and amortization	**23,593,714**	**70,805,535**	**94,399,249**

	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

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, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Receivable arising from PTO related to gaming equipment	**₱309,952,271**	**₱341,889,763**	₱331,565,992	₱381,328,949
Long-term deposits	**6,267,386**	**6,267,386**	6,267,386	6,267,386
	₱316,219,657	**₱348,157,149**	₱337,833,378	₱387,596,335
Financial Liabilities				
Advances from Stockholders	**₱645,495,783**	**₱645,495,783**	₱613,190,035	₱613,190,035
Loans payable	**2,290,730,902**	**2,290,730,902**	2,289,957,577	2,289,957,577
	₱2,936,226,685	**₱2,936,226,685**	₱2,903,147,612	₱2,903,147,612

As of June 30, 2022 and December 31, 2021, 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, 2022 and December 31, 2021.

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 ₱1.2 billion and ₱1.3 billion as its capital as of June 30, 2022 and December 31, 2021, 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, 2022 (Unaudited)	December 31, 2021 (Audited)
Total current assets	**₱424,578,622**	₱352,874,320
Total current liabilities	**994,458,505**	761,996,472
Current ratio	**0.43**	0.46
Total liabilities, excluding deposit for future stock subscription	**₱3,843,272,765**	₱3,669,678,963
Total equity	**1,076,539,975**	1,325,416,870
Debt-to-equity ratio	**3.57**	2.77

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 ₱400.0 million. While continuously having discussions with the non-bank creditors for extension of credit terms.

ITEM 6. 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, 2022 and 2021.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the six months ended June 30, 2022 and 2021:

	For the Six months Ended			
	June 30, 2022	June 30, 2021	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱91.4	₱46.4	₱ 45.0	97.0%
Hotel	24.5	21.1	3.4	16.1%
Bingo Operations	25.6	0.0	25.6	100.0%
Food and Beverage	16.9	7.2	9.7	134.7%
Rental	5.4	3.2	2.2	68.8%
Other revenue	2.5	0.6	1.9	316.7%
	166.3	78.6	87.7	111.6%
Operating cost and expenses	(342.5)	(325.4)	(17.1)	5.3%
Operating loss	(176.2)	(246.8)	70.6	(28.6%)
Other income (expenses)				
Interest expense	(70.6)	(84.0)	13.4	(16.0%)
Interest income	0.6	0.3	0.3	100.0%
Miscellaneous income (expenses)	(0.1)	0.2	(0.3)	(150.0%)
	(70.1)	(83.5)	13.4	(16.0%)
Loss before income Tax	(246.3)	(330.3)	84.0	(25.4%)
Provision for income tax	(3.1)	0.0	(3.1)	(100.0%)
Net loss	(249.4)	(330.3)	80.9	(24.5%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.5	0.5	0.0	0.0%
Total comprehensive loss	(248.9)	(329.8)	80.9	(24.5%)
Basic/diluted loss per share	(₱0.08)	(₱0.10)	₱ 0.02	(20.0%)

Comparison of Operating Results for the Six Months Ended June 30, 2022 and 2021

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 six months ended June 30, 2022 and 2021 amounted to ₱166.3 million and ₱78.6 million, respectively.

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

- Revenue share in gaming operations increased by ₱45 million or 97% from ₱46.4 million in 2021 to ₱91.4 million in 2022. The increase is attributable to higher gaming capacity and foot traffic this period comparing to same period last year.

- Revenue from hotel rooms increased by ₱3.4 million or 16% from ₱21.1 million in 2021 to ₱24.5 million in 2022. The hotel is accredited Multi-Use Hotel, an accommodation establishment that have been inspected by Department of Tourism (DOT) and Bureau of Quarantine (BOQ) and determined to be suitable for the accommodation of both quarantine and non-quarantine guests by reason of compliance with standards for physical separation of guests. The increase in revenue is due to higher number of leisure bookings this period comparing to same period last year.

  Though room occupancy rate decreased from 56% in 2021 to 49% in 2022, the increase in room revenue is because of higher average room rate as contributed by higher leisure bookings this period comparing to same period last year.

- Revenue from food and beverage increased by ₱9.7 million or 135% from ₱7.2 million in 2021 to ₱16.9 million in 2022. The increase is attributable to higher food and beverage covers and banquet events held in the first half of 2022.

- Revenue from bingo operations increased from nil in 2021 to ₱25.6 million in 2022. The bingo operations have only operated until March 13, 2020 and resume to operate beginning December 2021 on limited capacity.

- Revenue from rental increased by ₱2.2 million or 69% from ₱3.2 million in 2021 to ₱5.4 million in 2022. The increase is due to higher fixed or percentage rentals because more concessionaire’s resume their operations at higher capacity.

- Other revenue increased by ₱1.9 million or 317% from ₱0.6 million in 2021 to ₱2.5 million in 2022. This is mainly attributable to increase in consumption of utilities billed by the Group to its concessionaires.

Total operating costs and expenses for the period ended June 30, 2022 and 2021 amounted to ₱342.5 million and ₱325.4 million, respectively. The significant increase in the total operating costs and expenses is due to increase in utilities, taxes and licenses, salaries and wages, repairs and maintenance, gaming fees and entertainment which is offset by the decrease in depreciation, advertising expense and other operating expense.

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

- Utilities increased by ₱13.8 million or 48% from ₱28.6 million in 2021 to ₱42.4 million in 2022. The increase is attributable to increased gaming capacity, higher occupancy, additional electricity charges due to fuel cost recovery adjustments, and increased consumption of utilities from concessionaires.

- Salaries and wages expense increased by ₱4.8 million or 17% from ₱28.2 million in 2021 to ₱33 million in 2022. This is attributable to full worked days and allowable capacity to operate for the second quarter.

- Repairs and maintenance expense increased by ₱4.4 million or 22% from ₱20.4 million in 2021 to ₱24.8 million in 2022. The increase is due to increased usage of air-conditioned facilities and increased preventive maintenance to generator sets.

- Contracted services increased by ₱3.6 million or 19% from ₱18.5 million in 2021 to ₱22.1 million in 2022. This is mainly due to the increased in contracted manpower services in the hotel and casino with increased worked days and with higher occupancy for the second quarter.

- Taxes and licenses increased by ₱2.7 million or 9% from ₱29.9 million in 2021 to ₱32.6 million in 2022. The increase corresponds with the higher property taxes for the year.

- Gaming fees increased by ₱10 million or 100% from nil in 2021 to ₱10 million in 2022. The increase is mainly due to the reopening of the bingo operations last December 2021 up to date.

- Cost of sale from food & beverages increased by ₱0.9 million or 16% from ₱5.8 million in 2021 to ₱6.7 million in 2022. This is due to the higher food and beverage covers and banquet events.

- Professional fees increased by ₱1 million or 29% from ₱3.4 million in 2021 to ₱4.4 million in 2022. This is mainly due to the increase in retainer's fees, consultancy fees and accounting fees rendered to the Group.

- Entertainment expenses increased by ₱2.8 million or 100% from nil in 2021 to ₱2.8 million in 2022. Performances for hotel guests and casino players resumed.

- Other expenses increased by ₱4.3 million or 165% from ₱2.6 million in 2021 to ₱6.9 million in 2022. The increase is due to the increase in operating and administrative related activities of the Group which resulted to increase 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, 2022 and 2021:

	For the Three months Ended			
	June 30, 2022	June 30, 2021	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱56.0	₱9.7	₱46.3	477.3%
Hotel	12.5	14.6	(2.1)	(14.4%)
Bingo Operations	15.7	0.0	15.7	100.0%
Food and Beverage	10.6	4.5	6.1	135.6%
Rental	2.2	1.5	0.7	46.7%
Other revenue	1.4	0.2	1.2	600.0%
	98.4	30.5	67.9	222.6%
Operating cost and expenses	(181.4)	(161.1)	(20.3)	12.6%
Operating loss	(83.0)	(130.6)	47.6	(36.5%)
Other income (expenses)				
Interest expense	(45.4)	(42.6)	(2.8)	6.6%
Interest income	0.6	0.2	0.4	200.0%
Miscellaneous income (expenses)	(0.1)	0.0	(0.1)	(433.3%)
	(44.9)	(42.3)	(2.6)	6.1%
Loss before income Tax	(127.9)	(172.9)	45.0	(26.0%)
Provision for income tax	(2.1)	0.0	(2.1)	(100.0%)
Net loss	(130.0)	(172.9)	42.9	(24.8%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.2	0.2	0.0	0.0%
Total comprehensive loss	(129.8)	(172.7)	42.9	(24.8%)
Basic/diluted loss per share	(₱0.04)	(₱0.05)	₱0.01	(20.0%)

Comparison of Operating Results for the Three Months Ended June 30, 2022 and 2021

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 June 30, 2022 and 2021 amounted to ₱98.4 million and ₱30.5 million, respectively.

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

- Revenue share in gaming operations increased by ₱46.3 million or 477% from ₱9.7 million in 2021 to ₱56.0 million in 2022. The increase is attributable to higher gaming capacity and foot traffic this period comparing to same period last year.

- Revenue from hotel rooms decreased by ₱2 million or 14% from ₱14.6 million in 2021 to ₱12.6 million in 2022. The hotel is accredited Multi-Use Hotel, an accommodation establishment that have been inspected by Department of Tourism (DOT) and Bureau of Quarantine (BOQ) and determined to be suitable for the accommodation of both quarantine and non-quarantine guests by reason of compliance with standards for physical separation of guests. Accordingly, the room occupancy rate decreased from 72% in 2021 to 46% in 2022. 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 59 rooms in 2021.

- Revenue from food and beverage increased by ₱6 million or 130% from ₱4.6 million in 2021 to ₱ 10.6 million in 2022. The increase is attributable to higher food and beverage covers and banquet events held in the second quarter of 2022.

- Revenue from bingo operations increased from nil in 2021 to ₱15.7 million in 2022. The bingo operations have only operated until March 13, 2020 and resume to operate beginning December 2021 on limited capacity.

- Revenue from rental increased by ₱0.7 million or 47% from ₱1.5 million in 2021 to ₱2.2 million in 2022. The increase is due to higher fixed or percentage rentals because more concessionaire's resume their operations at higher capacity.

- Other revenue increased by ₱1.2 million or 600% from ₱0.2 million in 2021 to ₱1.4 million in 2022. This is mainly attributable to increase in consumption of utilities billed by the Group to its concessionaires.

Total operating costs and expenses for the period ended June 30, 2022 and 2021 amounted to ₱181.4 million and ₱161.1 million, respectively. The significant increase in the total operating costs and expenses is due to increase in utilities, taxes and licenses, salaries and wages, repairs and maintenance, gaming fees and entertainment which is offset by the decrease in depreciation, advertising expense and other operating expense.

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

- Utilities increased by ₱9 million or 66% from ₱13.6 million in 2021 to ₱22.6 million in 2022. The increase is attributable to increased gaming capacity, higher occupancy, additional electricity charges due to fuel cost recovery adjustments, and increased consumption of utilities from concessionaires.

- Salaries and wages expense increased by ₱5.7 million or 42% from ₱13.6 million in 2021 to ₱19.3 million in 2022. This is attributable to full worked days and allowable capacity to operate for the second quarter.

- Repairs and maintenance expense increased by ₱3.4 million or 33% from ₱10.4 million in 2021 to ₱13.8 million in 2022. The increase is due to increased usage of air-conditioned facilities and increased preventive maintenance to generator sets.

- Contracted services increased by ₱2.6 million or 26% from ₱9.9 million in 2021 to ₱12.5 million in 2022. This is mainly due to the increased in contracted manpower services in the hotel and casino with increased worked days and with higher occupancy for the second quarter.

- Gaming fees increased by ₱6.2 million or 100% from nil in 2021 to ₱6.2 million in 2022. The increase is mainly due to the reopening of the bingo operations last December 2021 up to date.

- Cost of sale from food & beverages increased by ₱4.3 million or 331% from ₱1.3 million in 2021 to ₱5.6 million in 2022. This is due to the higher food and beverage covers and banquet events.

- Professional fees increased by ₱1 million or 53% from ₱1.9 million in 2021 to ₱2.9 million in 2022. This is mainly due to the increase in retainer's fees, consultancy fees and accounting fees rendered to the Group.

- Entertainment expenses increased by ₱2.3 million or 100% from nil in 2021 to ₱2.3 million in 2022. Performances for hotel guests and casino players resumed.

- Other expenses increased by ₱3.9 million or 244% from ₱1.6 million in 2021 to ₱5.5 million in 2022. The increase is due to the increase in operating and administrative related activities of the Group which resulted to increase in incurrence of miscellaneous expenses.

6.2 Analysis of Statements of Financial Position

	For the Period Ended			
	June 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso			
Assets				
Cash and cash equivalents	₱29.5	₱12.8	₱ 16.7	130.5%
Receivables	255.3	219.9	35.4	16.1%
Inventories	14.5	15.5	(1.0)	(6.5%)
Current portion of input value added tax	28.9	13.4	15.5	115.7%
Prepayments and other current assets	96.4	91.3	5.1	5.6%
Property and equipment	4,196.1	4,288.4	(92.3)	(2.2%)
Input VAT- net of current portion	95.8	100.1	(4.3)	(4.3%)
Other noncurrent asset	203.3	253.7	(50.4)	(19.9%)
Total Assets	₱4,919.8	₱4,995.1	(₱75.3)	(1.5%)
Liabilities				
Accounts payable and other current liabilities	₱ 728.2	₱706.4	₱21.8	3.1%
Retention payable	4.1	4.1	0.0	0.0%
Interest payable	51.7	51.5	0.2	0.4%
Advances from Stockholders	761.5	611.5	150.0	24.5%
Loans payable	2,291.5	2,290.0	1.5	0.1%
Deposit for future subscription	2,426.5	2,426.5	0.0	0.0%
Other noncurrent liabilities	6.3	6.2	0.1	1.6%
Total Liabilities	6,269.8	6,096.2	173.6	2.9%
Capital stock	3,174.4	3,174.4	0.0	0.0%
Deficit	(4,532.9)	(4,283.6)	(249.3)	5.8%
Actual gains on retirement liability	8.5	8.1	0.4	4.9%
Total Equity	(1,350.0)	(1,101.1)	(248.9)	22.6%
Total Liabilities and Equity	₱4,919.8	₱4,995.1	(₱75.3)	(1.5%)

<u>Discussion on some Significant Change in Financial Condition as of June 30, 2022 and December 31, 2021</u>

Total assets amounting to ₱4,919.8 million as of June 30, 2022 decreased by ₱75.4 million or 1.5% from ₱ 4,995.1 million in December 31,2021.

1. For the period ended June 30, 2022, cash and cash equivalence increased by ₱17.0 million or 131%, from ₱12.8 million in 2021 to ₱29.5 million in 2022 due to the following:

   a) The negative cash flows used in operating activities amounting to ₱105.1 million resulted from the difference in operating loss generated amounting to ₱246.3 million and changes in the working capital amounting to ₱141.2 million. The significant decrease in operating income is due to the limited accommodation on food and beverage, and hotel operations, waiver of rental receivables, limited operational table games and slot machine operation and low banquet events.

   b) Net cash flows used in investing activities amounting to ₱41.7 million is due to the decrease in other noncurrent asset amounting to ₱50.0 million offset by additions to property and equipment amounting to ₱8.3 million

   c) Net cash flows provided by financing activities amounted to ₱80.1 million for the current year. The Group received proceeds from advances to stockholders amounting to ₱151.2 million and decrease of restricted cash amounting to ₱2.0 million and ₱68.8 million to pay its maturing interest on loan.

2. The ₱35.4 million or 16.1% increase in receivables is primarily due to:
   a. Increase in receivable is mainly due to higher receivables from PAGCOR due to the increased gaming revenue

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

3. The decrease in inventories of ₱1 million or 7% from ₱15.5 million in 2021 to ₱14.4 million in 2022 is mainly due decline in purchases of inventories. Also, the Group did not acquired new playing cards and consumed ₱2 million from its available sets..

4. Prepayments and other current assets increased by ₱5.1 million or 6% from ₱91.3 million in 2021 to ₱96.4 million in 2022. The significant increase is mainly due to the increase in Advance payments, restricted cash and CWT totaling to ₱2.2 million.

5. The decrease in other noncurrent assets of ₱50.4 million or 20% from ₱253.7 million in 2021 to ₱203.3 million in 2022 is mainly due to depreciation of fixed asset and lower receivable arising from PTO related to gaming equipment.

6. The accounts payable and other current liabilities increased by ₱21.8 million or 3% from ₱706.4 million in 2021 to ₱728.2 million in 2022. 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.

7. Interest payable increased by ₱0.2 million or 0.4% from ₱51.5 million in 2021 to ₱51.7 million in 2022.

8. The increase in current portion of loans payable by ₱210.4 million or 100% from nil in 2021 to ₱ 210.4 million in 2022 is attributable to the Group's scheduled loan principal repayment by first half of 2023.

9. Advances from stockholders increased by ₱150 million or 25% from ₱611.5 million in 2021 to ₱ 761.5 million in 2022 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 June 30, 2022 and 2021:

Indicators	Manner of Computation	For the three months ended June 30		For the six months ended June 30	
		2022	**2021**	**2022**	**2021**
Current ratio	Current Assets / Current Liabilities	**0:43:1**	**0.31:1**	**0:43:1**	**0.31:1**
Debt-to-Equity Ratio	Total Liabilities / Total Equities	**3:57:1**	**1.85:1**	**3:57:1**	**1.85:1**
Asset Liability Ratio	Total Assets / Total Liabilities	**0:78:1**	**0.91:1**	**0:78:1**	**0.91:1**
Return on Assets	Net Income (Loss) / Total Assets	**(3%)**	**(3%)**	**(5%)**	**(6%)**
Basic Earnings (losses per share)	Net Income (Loss) / Outstanding Common Shares	**(₱0.04)**	**(₱0.05)**	**(₱0.08)**	**(₱0.10)**

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, 2022, the current ratio is 0.43:1 compared to 0.31:1 of the prior year. The outstanding liabilities in 2022 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 ₱0.43 current assets to support every ₱1.00 of their 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, 2022, the debt to equity ratio has increased by 1.72 from 1.85 in 2021 to 3.57 in 2022. 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 six months ended June 30, 2022, the asset-liability ratio is 0.78:1 from 0.91:1 as of that of June 30, 2021. The ratio indicates that the Group has ₱0.78 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 June 30, 2022 and 2021, the return on asset is negative 3% and 3% respectively. For the six months ended June 30, 2022 and 2021, the return on asset is negative 5% and 6% respectively.

For the three months ended June 30, 2022, the Group's loss per share amounts to (₱0.04) which decreased from (₱0.05) that of prior year. For the six months ended June 30, 2022, the Group's loss per share amounts to (₱0.08) which decreased from (₱0.10) 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 Resort & Casino (WMRC) is the newest integrated resort in the heart of San Lazaro Tourism and Business Park in the Philippine capital's historic Chinese quarter. Built at a cost of ₱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.

Among its key features are 128 all-suite rooms, an expansive podium to house high-end restaurants, 900 parking slots, a fully-equipped fitness center, dental clinic, business centers, and over 9,000 square meters of internationally- designed indoor gaming and entertainment facilities.

WMRC has been ramping up its gaming operations, adding more gaming tables and slot machines to its floor area in April of 2018 to accommodate the drastic increase of in visitations. Due to the effects of quarantine restrictions, WMRC on December 31, 2021 reduced its operational gaming tables from 30 in 2019 to 22 in 2020 and 2021; and its operational slot machines from 521 in 2019 to 273 and 413 in 2020 and 2021, respectively. As of report date, operational gaming tables are 22, and operational slot machines are 492.

The ground floor casino was renovated to expand the gaming area in order to allow more additional slot machines and electronic table games to operate at the same time without compromising safety protocols. By the end of this year, WMRC plans to steadily increase its operational table games to 30 and operational slot machines to more than 500.
Moving forward, WMRC anticipates the busiest gaming area will be its ground floor, with renovations in this area completed in August 2021. In addition to this, WMRC built a private slot salon in the area that was previously occupied by the ground floor cage and money changer. Being a slot machine-driven market wherein revenue goals can be met, WMRC continously improves and expands its operations through effective marketing and promotion.
As for table games, the pandemic proved that game pace can be improved with the lessening of crowding. WMRC intends to keep this practice for its higher limit tables, and intends to increase the number of table games to 30 by the last quarter of 2022 from its current complement of 22.
In the Hotel front, WMRC is accepting leisure bookings and the weekend demand for staycations has returned. The Hotel is working with the government, pharmaceuticals, and other corporate accounts to fill up rooms on weekdays. WMRC's Members' Room Promo is also being offered on weekdays to bring back

the casino patrons, while its ballrooms are open for events with 100 percent capacity. Social events are regular on weekends, while corporate meetings are picking up on weekdays. In addition, the Hotel has continuously participated in wedding and travel expositions to increase bookings for both hotel and ballroom.

WMRC continues to work on improving its amenities with the goal of achieving at least a 4-star rating and getting more bookings for the hotel. Recently, WMRC earned the 2022 Customer Review Awards rating of 8.6 out of 10 from Agoda.com.

WMRC marketing and public relations (PR) highlights included a quarterly car raffle, monthly appliance and cash raffles, monthly live concerts, Earn & Redeem promotions, room & buffet promos, grand jackpots, and a corporate social responsibility (CSR) initiative that promotes environmental sustainability and employee engagement.

Annex ''D''
Interim Unaudited Financial Statements
for the period ended September 30, 2022

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) 917-595-5222

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 **September 30, 2022**

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) 8528-2300

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"**.

- Unaudited Interim Consolidated Statements of Financial Position as of September 30, 2022 (with Comparative Audited Figures as at December 31, 2021)
- Unaudited Interim Consolidated Statements of Comprehensive Income For the Three Months and Six Months Ended September 30, 2022 and 2021
- Unaudited Interim Consolidated Statements of Cash Flows For the Periods Ended September 30, 2022 and 2021
- Unaudited Interim Consolidated Statements of Changes in Equity For the Quarters Ended September 30, 2022 and 2021
- Aging Schedule of Receivables as of September 30, 2022
- Notes to Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Plan of Operations

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

NOV 04 2022
Date

By:

JOEMAR L. ONNAGAN
Director for Finance and Administration

SUBSCRIBED AND SWORN to before me this NOV 07 2022 at Pasig City, affiant exhibiting to me his TIN 927-386-200.

Doc. No. 80;
Page No. 17;
Book No. XI;
Series of 2022.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 81 (2022-2023)
December 31, 2023
PTR No.8132084/1-21-2022/PASIG CITY
IBP No.199958/1-19-2022/PASIG CITY
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY No. 57018

Annex ''A''
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 FINANCIAL POSITION

As of September 30, 2022
(With Comparative Audited Figures as of December 31, 2021)

	September 30, 2022 ***(Unaudited)***	December 31, 2021 *(Audited)*
ASSETS		
Current Assets		
Cash (Note 6)	₱ 22,284,517	₱12,827,775
Receivables (Note 7)	207,900,135	219,901,860
Inventories (Note 8)	19,207,236	15,461,433
Input value-added tax (VAT) - current (Note 9)	29,129,105	13,405,199
Other current assets (Note 10)	3,757,004,579	91,278,053
Total Current Assets	**4,035,525,572**	**352,874,320**
Noncurrent Assets		
Property and equipment (Note 11)	4,156,694,207	4,288,449,743
Input VAT - net of current portion (Note 9)	102,648,081	100,082,039
Other noncurrent assets (Note 13)	203,141,845	253,689,731
Total Noncurrent Assets	**4,462,484,133**	**4,642,221,513**
TOTAL ASSETS	**8,498,009,705**	**4,995,095,833**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 14)	746,198,141	706,430,625
Current portion of loans payable (Note 15)	315,776,776	-
Interest payable (Notes 15)	95,688,400	51,445,063
Retention payable (Note 11)	4,120,784	4,120,784
Total Current Liabilities	**1,161,784,101**	**761,996,472**
Noncurrent Liabilities		
Deposit for future stock subscription (Note 17)	2,426,501,748	2,426,501,748
Loans payable - net of current portion (Note 15)	1,976,528,711	2,289,957,577
Advances from stockholders (Note 18)	800,664,237	611,505,320
Other noncurrent liabilities (Note 10)	3,662,532,325	6,219,594
Total Non-Current Liabilities	**8,866,227,021**	**5,334,184,239**
Total Liabilities	**10,028,011,122**	**6,096,180,711**
Equity		
Capital stock (Note 19)	3,174,405,821	3,174,405,821
Deficit	(4,713,169,946)	(4,283,561,694)
Actuarial gains on retirement liability	8,762,708	8,070,995
Total Equity (Capital Deficiency)	**(1,530,001,417)**	**(1,101,084,878)**
TOTAL LIABILITIES AND EQUITY	**₱ 8,498,009,705**	**₱ 4,995,095,833**

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 September 30		For the Nine months Ended September 30	
	2022	2021	**2022**	2021
REVENUE				
Revenue share in gaming operations	**₱ 64,251,022**	**₱ 20,453,610**	**₱155,676,983**	**₱ 66,721,934**
Hotel	**13,556,681**	**15,951,330**	**38,075,095**	**37,071,319**
Food and beverage	**16,115,090**	**5,001,693**	**33,028,288**	**12,211,440**
Bingo operations	**15,102,845**	-	**40,698,616**	**-**
Rental	**1,012,423**	**930,010**	**6,418,975**	**4,161,464**
Other revenue	**1,739,445**	**3,348,696**	**4,230,791**	**3,995,984**
	111,777,506	**45,685,339**	**278,128,748**	**124,162,141**
OPERATING COSTS AND EXPENSES (Note 21)	**(203,364,571)**	**(146,649,626)**	**(545,819,689)**	**(471,296,165)**
OPERATING LOSS	**(91,587,065)**	**(100,964,287)**	**(267,690,941)**	**(347,134,024)**
OTHER INCOME (EXPENSES)				
Interest expense and other financing charges	**(83,982,799)**	**(40,109,873)**	**(154,590,633)**	**(124,084,885)**
Interest income	**7,507**	**216,969**	**581,287**	**477,751**
Miscellaneous expenses – net	**(2,885)**	**(18,247)**	**(117,128)**	**235,226**
	(83,978,177)	**(39,911,151)**	**(154,126,474)**	**(123,371,908)**
LOSS BEFORE INCOME TAX	**(175,565,242)**	**(140,875,438)**	**(421,817,415)**	**(470,505,932)**
PROVISION FOR INCOME TAX	**(4,704,974)**	**(1,167)**	**(7,790,833)**	**(6,430)**
NET LOSS	**(180,270,216)**	**(140,876,605)**	**(429,608,248)**	**(470,512,362)**
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**	**691,713**	**691,713**
TOTAL COMPREHENSIVE LOSS	**(180,039,645)**	**(140,646,034)**	**(428,916,535)**	**(469,820,649)**
Basic/Diluted Loss Per Share (Note 20)	**₱0.056**	**₱0.044**	**₱0.135**	**₱0.148**

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 NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	Capital Stock (Note 19)	Deficit	Actuarial gains on retirement liability	Total
BALANCES AT DECEMBER 31, 2021	**3,174,405,821**	**(4,283,561,694)**	**8,070,995**	**(1,101,084,878)**
Total Comprehensive income for the period	-	**(249,338,034)**	**461,142**	**(249,014,037)**
BALANCES AT SEPTEMBER 30, 2022	**3,174,405,821**	**(4,713,169,943)**	**8,762,708**	**(1,530,001,413)**
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 SEPTEMBER 30, 2021	**3,174,405,821**	**(3,835,806,602)**	**8,691,280**	**(652,709,501)**

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 NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱421,817,416)	(470,505,932)
Adjustments for:		
Depreciation and amortization	140,379,278	187,656,545
Interest expense and other financing charges	153,383,638	124,084,885
Retirement benefit expense	(62,046)	629,667
Unrealized foreign exchange loss (gain)	(67,284)	108,364
Interest income	(581,287)	(477,751)
Operating loss before working capital changes	(128,765,117)	(158,504,222)
Decrease (increase) in:		
Receivables	11,386,296	(459,348)
Inventories	(3,745,804)	4,713,747
Input VAT	(18,289,948)	(16,673,146)
Other current assets	(3,663,221,606)	(15,438,316)
Increase (decrease) in:		
Accounts payable and other current liabilities	40,733,646	94,315,647
Retention payable	-	(3,826,469)
Other noncurrent liabilities	3,656,100,359	1,081,518
Net cash generated from (used in) operations	(105,802,174)	(94,790,589)
Income taxes paid	(7,790,833)	(6,431)
Interest received	581,287	477,751
Net cash flows provided by (used in) operating activities	(113,011,720)	(94,319,269)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(7,413,798)	(12,724,706)
Decrease (increase) in other noncurrent assets	49,953,370	66,297,082
Net cash flows provided by (used in) investing activities	42,539,572	53,572,376
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loan):		
Interest and other financing charges	(104,505,716)	(107,037,273)
Decrease (increase) in restricted cash	(2,504,920)	35,839,676
Proceeds from:		
Advances from stockholders	186,872,243	115,813,360
Net cash flows provided by (used in) financing activities	79,861,607	44,615,763
EFFECT OF EXCHANGE RATE CHANGES ON CASH	67,284	(108,364)
NET INCREASE (DECREASE) IN CASH	9,456,743	3,760,506
CASH AT BEGINNING OF YEAR	12,827,775	21,049,397
CASH AT END OF PERIOD (Note 6)	₱ 22,284,518	₱ 24,809,903

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 September 30, 2022:

	Total	Neither past due nor impaired	Past due but not impaired					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	
Trade:								
Non-related parties	80,007,006	1,895,464	2,672,133	2,428,575	5,134,448	67,876,385	-	0
Related parties	417,915	-	-	-	-	417,915	-	-
Nontrade	125,681,357	-	-	-	-	15,299,440	-	110,381,917
Receivable arising from PTO	304,177,261	303,958,753	-	-	-	218,508	-	-
	510,283,540	305,854,218	2,672,133	2,428,575	5,134,448	83,812,248	`	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 12, 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. On November 18, 2021, IATF has implemented revised guidelines for the country’s COVID-19 restrictions and response allowing casino operations to operate in areas under Alert Level 2.

As of the date of the report, the Group has not yet resumed its full operation of the casino as a result of the PAGCOR and IATF memorandum.

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), front liners, and off-signers crew from shipping companies.

While the permit to accept leisure bookings is currently pending DOT approval, MIC is operating as Multi-Use Hotels (MUH) and is authorized to accept essential and business bookings. Banquet events

that require the use of MIC facilities such as the ballroom and function rooms for events like conferences and weddings are also permitted, with strict adherence to safety protocols

For the period ended September 30, 2022 and 2021, the Group has reported net losses of ₱429.6 million and ₱470.5 million which resulted to capital deficiency amounting ₱1,530 million as at September 30, 2022.

These conditions indicate a material uncertainty exists that may cast significant doubts on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management will continue to carry out activities to pursue business opportunities related to its gaming, hotel, and rental operations. The Group is also closely working with PAGCOR for expansion of its operations and with leading property developer for new business opportunities.

Moreover, the Group's ability to continue as a going concern is dependent on the commitment to defer payment of advances from related parties and stockholders and waiver of management service fees. The Parent Company's stockholders and related parties undertake to provide continuing financial support to enable the Group to meet its obligations as and when they fall due and there is a reasonable expectation that the adequate funding will become available when necessary. Furthermore, to promptly address the Group's capital deficiency, the BOD in its resolution dated May 13, 2022, requested the principal stockholders to confirm their intention and agreement to convert the deposits for future stock subscription, aggregating to ₱2,426.5 million, into equity through the issuance of new shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements. Consequently, the consolidated financial statements have been prepared on a going concern basis.

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 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 report date, the Group has resumed its bingo operations on a limited capacity.

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 which 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 statement of financial position as of December 31, 2020 (see Note 7). In 2021, 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, 2020 (see Note 7). In 2021, 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 2022, 2021 and 2020).

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**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides 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 September 30, 2022; 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 amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

- Amendments to PFRS 9, PAS 39, 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 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.

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, 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Group is currently assessing the impact of the amendments.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- 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

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the 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.

  The Group is still assessing the impact of the amendments.

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 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 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 September 30, 2022 and December 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 expected credit loss (ECL) model.

As of September 30, 2022 and December 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 September 30, 2022 and December 31, 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.

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.

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.

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.

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 September 30, 2022 and December 31, 2021 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 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 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. The Parent Company’s stockholders and related parties undertake to provide continuing financial support to enable the Group to meet its obligations as and when they fall due and there is a reasonable expectation that the adequate funding will become available when necessary. 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.

Transfer of Investment Properties
The Group has made transfers to investment properties after determining that there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment properties at the date of change in use.

In 2020, the Parent Company has an existing lease agreement with a third party to lease and convert the parking and roof-deck area of Winford Hotel and Casino into an office space for lease. In 2021, the lease agreement was terminated. Thus, the Parent Company reclassified investment properties amounting to ₱714.8 million from investment properties to property and equipment (see Notes 11).

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, 2021 and 2020, 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.

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 September 30, 2022 and December 31, 2021 amounted to ₱ 121.0 million. 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 ₱ 400.9 million and ₱461.5 million as at September 30, 2022 and December 31, 2021 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 2022, 2021 and 2020. The carrying value of property and equipment as of September 30, 2022 and December 31, 2021 are disclosed in Notes 11 and 12 to the consolidated financial statements, respectively.

Impairment of Property and Equipment and Investment Properties (in 2020)
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 asset, 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.

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 period ended September 30, 2022 and years ended December 31, 2021. The net book values of the Group's property and equipment amounted to ₱ 4,156.7 million and ₱4,288.4 million, as of September 30, 2022 and December 31, 2021 (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 ₱29.1 million is recoverable within the next 12 months from the reporting date and non-current portion amounting to ₱102.6 million is recoverable for the years thereafter (see Note 9). In 2021, due to the termination of the lease agreement with a third party, which is expected to generate revenues subject to output VAT, the Group recorded an impairment loss amounting to ₱360.8 million (see Notes 9).

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.

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.

6. Cash

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on Hand	**₱ 7,809,887**	₱2,170,140
Cash in Bank	**14,474,630**	10,657,635
	₱ 22,284,517	₱ 12,827,775

Cash in banks generally earns interest at the respective bank deposit rates. Total interest income earned from cash in banks amounted to ₱0.6 million and ₱0.5 million in 2022 and 2021, respectively.

7. Receivables

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade:		
Non-related parties	**₱79,942,509**	₱ 96,859,684
Related parties (Note 18)	**1,418,347**	418,347
Nontrade	**125,681,357**	125,681,357
Receivable arising from PTO related to:		
Gaming equipment	**72,003,271**	89,949,636
Gaming facility	**39,187,335**	21,786,996
Advances to employees	**10,625,666**	6,164,189
	328,858,484	340,860,209
Less: Allowance for ECL	**120,958,349**	120,958,349
	₱207,900,135	₱219,901,860

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 September 30, 2022 and December 31, 2021:

	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Balance at beginning of year	**₱120,958,349**	₱118,264,139
Provision	**-**	2,694,210
	₱120,958,349	₱120,958,349

8. **Inventories**

This account consists of:

	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
At cost:		
Operating supplies	**₱ 15,226,340**	₱ 11,678,280
Food, beverage, and tobacco	**3,980,896**	3,783,153
	₱ 19,207,236	₱ 15,461,433

Operating supplies include cards, seals and dice.

No allowance for inventory obsolescence was recognized in 2022 and 2021.

9. **Input VAT**

	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Input VAT - current	**₱29,129,105**	₱13,405,199
Noncurrent:		
Input VAT – noncurrent	**449,893,321**	447,327,279
Deferred input VAT	**13,515,163**	13,515,163
	463,408,484	460,842,442
Less: Allowance for impairment of input VAT	**360,760,403**	360,760,403
	102,648,081	100,082,039
	₱131,777,186	₱113,487,238

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.

Allowance for Impairment of Input VAT

In 2021, the Group recognized allowance for impairment of input VAT amounting to ₱360.8 million.

10. Other Current Assets

This account consists of:

	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Restricted short-term placement	**₱ 3,653,825,961**	₱ -
Restricted cash (Note 15)	**70,618,634**	68,113,713
Prepayments	**21,385,622**	14,989,281
Creditable withholding taxes	**11,174,362**	8,175,059
	₱ 3,757,004,579	₱ 91,278,053

Restricted short-term placement pertains to escrow account balance as of the report date. The Parent Company transferred and placed U.S. $100.0 million (about P5.1 billion) into an escrow account with a universal bank acceptable to both PAGCOR and the Parent Company from which all funds for the development of future projects shall be disbursed. At any given time, the escrow account shall have a maintaining balance of not lower than U.S.$50.0 million (about P2.5 billion). This escrow requirement was funded by principal stakeholder and reported as part of Other Noncurrent Liabilties.

Restricted short-term placements are made for varying periods ranging from 1 to 35 days in 2022 and earn effective interests of 2.125% to 3% per annum in 2022.

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).

Prepayments pertain to advance payments for software maintenance, advertising services, health insurance, electricity connection, billboard, and operating supplies.

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

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**	**4,225,697,606**	**230,408,187**	**466,626,825**	**640,491,798**	**6,164,024,417**
Additions	**–**	**4,419,643**	**178,571**	**2,450,057**	**365,527**	**7,413,798**
Balance at end of period	**600,800,000**	**4,230,117,249**	**230,586,758**	**469,076,882**	**640,857,325**	**6,171,438,215**
Accumulated depreciation						
Balance at beginning of year	**–**	**657,183,338**	**122,233,255**	**459,601,562**	**635,941,089**	**1,874,959,244**
Depreciation (Note 21)	**–**	**112,805,321**	**16,849,250**	**6,378,694**	**3,751,499**	**139,784,765**
Balance at end of period	**–**	**769,988,659**	**139,082,505**	**465,980,256**	**639,692,588**	**2,014,744,009**
Net book value	**600,800,000**	**3,460,128,590**	**91,504,253**	**3,096,626**	**1,164,737**	**4,156,694,206**

	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	–	12,726,983	7,483,019	470,033	525,248	21,205,283
Transfer from investment properties (Note 12)		714,790,600	–	–	–	714,790,600
Balance at end of year	600,800,000	4,226,307,936	229,182,425	466,626,827	640,491,800	6,163,408,988
Accumulated depreciation						
Balance at beginning of year	–	536,976,508	100,146,327	396,672,103	627,497,596	1,661,292,534
Depreciation (Note 21)	–	120,206,830	22,086,928	62,929,459	8,443,494	213,666,711
Balance at end of year	–	657,183,338	122,233,255	459,601,562	635,941,090	1,874,959,245
Net book value	₱600,800,000	₱ 3,569,124,598	₱ 106,949,170	₱ 7,025,265	₱ 4,550,710	₱ 4,288,449,743

As of September 30, 2022 and December 31, 2021, land and building with an aggregate carrying values of ₱4.8 billion and ₱4.2 billion were pledged as collateral for the loan facility (see Note 15).

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 December 30, 2021 and December 31, 2020 (see Note 7).

As of September 30, 2022 and December 31, 2021, the Group has outstanding retention payable to its service providers related to renovation and improvements to the building amounting to ₱4.1 million.

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 2022 and 2021 (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.

In 2021, as a result of cancellation of the lease agreement with a third party, the Parent Company reclassified the investment properties amounting to ₱714.8 million to "Property and equipment" account (see Note 11).

Details of the carrying amount of investment properties are shown below:

	2021	2020
Cost		
Balance at beginning of year	**₱781,802,218**	₱781,802,218
Transfers to property and equipment (Note 11)	**(714,790,600)**	–
Balance at end of year	**67,011,618**	781,802,218
Accumulated Depreciation		
Balance at beginning of year	**37,228,677**	7,445,736
Depreciation (Note 24)	**29,782,941**	29,782,941
Balance at end of year	**67,011,618**	37,228,677
Net Book Value	**₱–**	₱744,573,541

No rental income was recognized in 2021, 2020 and 2019. Operating expenses related to the investment properties amounted to ₱8.2 million, ₱8.0 million and ₱5.6 million in 2021, 2020 and 2019, respectively, which pertains mainly to real property taxes. There were no significant repairs and maintenance made to maintain the Parent Company's investment properties in 2021, 2020 and 2019.

13. **Other Noncurrent Assets**

This account consists of:

	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Receivable arising from PTO related to gaming equipment - net of current portion (Notes 16)	**₱192,986,656**	₱241,616,356
Long-term deposits	**4,905,500**	6,267,386
Advances to contractors and suppliers	**4,779,331**	4,779,331
Operating equipment	**470,358**	1,026,658
	203,141,845	₱253,689,731

Long-term deposits pertain to guarantee payment for utility bills.

Movement in operating equipment are as follows:

	September 30, 2022 *(Unaudited)*			
	Utensils	**Linens**	**Uniforms**	**Total**
Cost				
Balance at beginning of year	**₱23,562,075**	**₱72,632,031**	**₱5,452,757**	**₱101,646,863**
Additions	–	**38,214**	–	**38,214**
Balance at end of year	**23,562,075**	**72,670,245**	**5,452,757**	**101,685,078**
Accumulated amortization				
Balance at beginning of year	**23,562,075**	**71,775,321**	**5,282,810**	**100,620,206**
Amortization (Note 21)	–	**438,465**	**156,049**	**594,514**
Balance at end of year	**23,562,075**	**72,213,786**	**5,438,859**	**101,214,720**
Net book value	**₱–**	**₱456,459**	**₱13,898**	**₱470,358**

	December 31, 2021 *(Audited)*			
	Utensils	Linens	Uniforms	Total
Cost				
Balance at beginning of year	₱ 23,562,076	₱ 72,633,142	₱5,449,609	₱ 101,644,827
Additions	–	–	2,036	2,036
Balance at end of year	23,562,076	72,633,142	5,451,645	101,646,863
Accumulated depreciation				
Balance at beginning of year	23,562,076	71,143,836	5,032,481	99,738,393
Amortization	–	631,485	250,327	881,812
Balance at end of year	23,562,076	71,775,321	5,282,808	100,620,205
Net book value	₱–	₱ 857,821	₱ 168,837	₱ 1,026,658

14. **Accounts Payable and Other Current Liabilities**

This account consists of:

	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Accounts payable	**₱ 349,418,678**	₱ 360,220,378
Accrued expenses	**285,810,884**	236,900,595
Gaming liabilities	**48,179,386**	48,156,968
Taxes payable	**22,512,600**	18,241,546
Contract liabilities	**15,132,880**	16,099,010
Advances from related parties (Note 18)	**4,945,293**	4,982,104
Others	**20,198,420**	21,830,024
	₱ 746,198,141	₱ 706,430,625

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.

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:

	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Principal	**₱2,307,900,000**	₱2,307,900,000
Less unamortized debt discount	**(15,594,512)**	(17,942,423)
	2,292,305,488	2,289,957,577
Less current portion of long-term debt	**(315,776,776)**	–
	₱1,976,528,711	₱2,289,957,577

The movements in the principal balance of loans payable are as follows:

	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Balance at beginning of year	**₱2,307,900,000**	₱2,307,900,000
Payment	–	–
Balance at end of year	**₱2,307,900,000**	₱2,307,900,000

The movements in unamortized debt discount follow:

	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Unamortized debt discount at beginning of year	**₱17,942,423**	₱15,117,333
Additions*	–	6,011,948
Amortization	**(2,347,911)**	(3,186,858)
Unamortized debt discount at end of year	**15,594,512**	₱17,942,423

**Recorded as "Interest expense and other financing charges" in the consolidated statements of comprehensive income*

Future repayment of the principal as follows:

	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*
Within one year	**317,925,000**	₱-
After one year but not more than five years	**1,989,975,000**	2,307,900,000
	₱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 in 2023 based on 2022 consolidated financial statement.

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 ₱70.4 million and ₱68.1 million in September 30, 2022 and December 31, 2021 are presented under "Prepayments and other current assets" as "Restricted cash" (see Note 10).

The loan is secured by the Parent Company's land and building, classified as property and equipment in the parent company statements of financial position, with an aggregate carrying value of ₱4.8 billion and ₱4.2 billion as of September 30, 2022 and December 31, 2021, 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 ₱138.0 million as of December 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 credit line facility remains unused as of date, and valid until July 31, 2022 and the Company is currently processing its renewal.

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 nine months ended September 30, 2022 amounted to ₱290.9 million and ₱164.7 million in September 30, 2021. Accordingly, revenue share in gaming operations for the nine months ended September 30, 2022 and 2021, presented in the consolidated statements of comprehensive income, amounted to ₱155.7 million and ₱66.7 million, respectively.

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 September 30, 2022 and December 31, 2021, in accordance with FRB No. 6 as issued by the SEC.

On September 29, 2021, the Parent Company received a letter from the Philippine Stock Exchange (PSE) giving the Parent Company until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, the Parent Company was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned.

On May 13, 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements.

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. Outstanding balances are generally settled through cash.

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	₱-	₱-	₱-	(₱321,233,646)	(₱321,233,646)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances (a)	-	-	(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)	-	-	(41,389)	418,347	418,347	Receivable	Non-interest bearing; due and demandable	Unsecured, unguaranteed
Various Shareholders								
Deposit for future stock subscription	-	-	-	(2,105,268,102)	(2,105,268,102)	Deposit for future stock subscription	Non-interest bearing	Unsecured, unguaranteed
Advances from stockholders (c)	186,872,243	166,904,808	102,704,215	(800,062,278)	(613,190,035)	Advances from stockholders	Interest-bearing and Non-interest bearing	Unsecured, unguaranteed
Interest payable on advances from stockholders (c)	22,604,444	18,390,553	13,534,528	(56,153,136)	(33,548,692)	Interest payable	Non-interest bearing	Unsecured, unguaranteed
Affiliate								
Manila Cockers Club, Inc. (MCI)								
Commission from the off-track betting (d), (e)	-	-	-	-	-	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	418,347	Receivable		
				800,062,278	613,190,035	Advances from stockholders		
				43,884,672	33,548,692	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 ₱15.4 million, ₱12.6 million, for the nine months ended September 30, 2022 and 2021, respectively. The compensations are short-term employee benefits.

The Group has no standard arrangement with regard to the remuneration of its directors.

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 equity holders for the years 2021, 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.

As discussed in Note 17, on September 29, 2021, the Parent Company received a letter from the Philippine Stock Exchange (PSE) giving the Parent Company until December 31, 2021 to submit its responses to the PSE. However, due to the COVID-19 situation, the Parent Company was unable to submit the remaining requirements for its listing application for the stock rights offering with the PSE and thereafter the PSE considered the listing application abandoned. On May 13, 2022, the BOD of the Parent Company requested from the principal stockholders a confirmation of their agreement to convert their advances, aggregating to ₱2,426.5 million, into equity through the issuance of new shares of stock. Accordingly, such advances will be converted into equity within 2022 upon completion of necessary requirements.

20. **Basic/Diluted Loss Per Share**

	September 30, 2022 ***(Unaudited)***	September 30, 2021 *(Unaudited)*
Net loss for the year	**₱ 429,608,249**	**₱ 470,512,362**
Divided by weighted average number of outstanding common shares	**3,174,405,821**	**3,174,405,821**
Basic/diluted losses per share	**₱0.14**	**₱0.15**

The Group has no potential dilutive common shares as of September 30, 2022 and September 30, 2021. 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 September 30		For the Nine months ended September 30	
	2022	2021	**2022**	2021
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Depreciation and amortization (Notes 11 and 12)	₱45,980,029	₱61,362,486	₱140,379,278	₱187,656,547
Utilities	27,838,437	16,112,199	70,275,762	44,689,327
Salaries and wages	19,931,390	13,066,109	52,905,719	41,249,741
Contracted services	14,351,660	5,932,104	36,437,080	24,438,856
Repairs and maintenance	11,690,874	9,708,731	36,524,970	30,069,856
Taxes and licenses	11,380,491	4,348,385	43,990,594	34,293,354
Gaming fees	9,750,022	-	22,228,691	1,268
Service fee	9,380,357	9,380,357	28,141,071	28,141,071
Hotel room and supplies	7,742,781	2,468,322	14,491,538	6,606,611
Advertising and marketing	7,419,814	5,039,201	14,369,492	12,421,778
Security services	6,731,525	4,491,564	18,600,419	18,175,399
Food, beverage, and tobacco	6,443,245	3,054,037	12,142,993	8,878,378
Banquet expenses	3,188,723	-	4,186,370	-
Entertainment	3,003,360	-	5,811,268	-
Professional fees	2,782,733	1,491,867	7,204,407	4,857,088
Insurance	1,938,817	1,847,885	5,816,451	6,174,398
Communication	1,909,793	1,881,031	5,699,539	5,592,777
Supplies	1,544,492	383,756	2,923,611	1,196,073
Transportation and travel	851,517	2,307,296	4,250,688	7,770,699
Commission	750,854	-	1,033,555	-
Meetings and conferences	330,000	330,000	990,800	992,813
Retirement	209,889	209,889	629,667	629,667
Rent	147,236	144,580	417,491	1,010,968
Directors’ fees	0	218,000	231,000	340,000
Others	8,066,533	2,871,828	16,137,235	6,109,491
	203,364,571	**146,649,626**	**545,819,689**	**471,296,165**

22. **Operating Segment Information**

The Group has two operating segments in 2022, 2021, and 2020. 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 September 30, 2022 and 2021 are as follows:

For the Three months ended September 30

	2022			2021		
	Gaming	**Non-gaming**	**Total**	Gaming	Non-gaming	Total
Revenue	₱ 79,353,867	₱ 32,423,639	₱ 111,777,506	₱ 20,453,610	₱ 25,231,729	₱ 45,685,339
Operating costs and expenses	(77,229,344)	(126,135,227)	(203,364,571)	(41,458,969)	(105,190,657)	(146,649,626)
Other income (expenses) – net	(63,824,106)	(20,154,070)	(83,978,176)	(25,150,777)	(14,760,375)	(39,911,151)
Provision from income tax	(4,704,974)	-0-	(4,704,974)	(1,167)	-0-	(1,167)
Net income (loss)	₱ (66,404,557)	₱ (113,865,658)	₱ (180,270,215)	₱ (46,157,303)	₱ (94,719,302)	₱ (140,876,605)

For the Nine months ended September 30

	2022			2021		
	Gaming	**Non-gaming**	**Total**	Gaming	Non-gaming	Total
Revenue	₱ 196,375,598	₱ 81,753,148	₱ 278,128,746	₱ 66,721,934	₱ 57,440,207	₱ 124,162,141
Operating costs and expenses	(205,869,060)	(339,950,629)	(545,819,689)	(134,798,295)	(336,497,870)	(471,296,165)
Other income (expenses) – net	(117,164,231)	(36,962,243)	(154,126,474)	(77,637,269)	(45,734,639)	(123,371,908)
Provision from income tax	(7,790,833)	-0-	(7,790,833)	(6,430)	-0-	(6,430)
Net income (loss)	₱ (134,448,526)	₱ (295,159,724)	₱ (429,608,250)	₱ (145,720,060)	₱ (324,792,302)	₱ (470,512,362)

Segment Assets and Liabilities and Other Information

The segment assets, liabilities, capital expenditures and other information as of September 30, 2022 and December 31, 2021 are as follows:

	2022		
	Gaming	**Non-gaming**	**Total**
Assets	**₱5,225,446,499**	**₱3,272,563,206**	**₱8,498,009,705**
Liabilities	**4,574,238,646**	**5,453,772,476**	**10,028,011,122**
Capital expenditures	**-**	**7,413,798**	**7,413,798**
Interest income	**441,778**	**139,509**	**581,287**
Depreciation and amortization	**35,104,136**	**105,275,142**	**140,379,278**

	2021		
	Gaming	Non-gaming	Total
Assets	₱1,441,164,918	₱3,553,930,915	₱4,995,095,833
Liabilities	874,988,201	5,221,192,510	6,096,180,711

Capital expenditures	2,916,959	18,108,324	21,025,283
Interest income	-	256,488	256,488
Depreciation and amortization	61,400,129	182,931,335	244,331,464

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:

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Receivable arising from PTO related to gaming equipment	**₱264,989,927**	**₱304,738,416**	₱331,565,992	₱381,328,949
Long-term deposits	**4,905,500**	**4,905,500**	6,267,386	6,267,386
	₱269,895,427	**₱309,643,916**	₱337,833,378	₱387,596,335
Financial Liabilities				
Advances from Stockholders	**₱800,664,237**	**₱800,664,237**	₱613,190,035	₱613,190,035
Loans payable	**1,976,528,711**	**1,976,528,711**	2,289,957,577	2,289,957,577
	₱2,777,192,948	**₱2,777,192,948**	₱2,903,147,612	₱2,903,147,612

As of September 30, 2022 and December 31, 2021, 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 September 30, 2022 and December 31, 2021.

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 ₱0.9 billion and ₱1.3 billion as its capital as of September 30, 2022 and December 31, 2021, 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:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total current assets	**₱4,035,525,572**	₱352,874,320
Total current liabilities	**1,161,784,101**	761,996,472
Current ratio	**3.47**	0.46
Total liabilities, excluding deposit for future stock subscription	**₱7,601,509,374**	₱3,669,678,963
Total equity	**896,500,332**	1,325,416,870
Debt-to-equity ratio	**8.48**	2.77

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 is currently working with the bank to renew its credit line amounting ₱400.0 million. While continuously having discussions with the non-bank creditors for extension of credit terms.

Annex ''B''
Management's Discussion and Analysis or Plan of Operation

ITEM 6. 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 September 30, 2022 and 2021.

Discussion on Results of Operations

The following table shows a summary of results of the operations for the six months ended September 30, 2022 and 2021:

	For the Nine months Ended			
	September 30, 2022	September 30, 2021	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱155.7	₱66.7	₱89.0	133.4%
Hotel	38.1	37.1	1.0	2.7%
Food and Beverage	33.0	12.2	20.8	170.5%
Bingo Operations	40.7	0.0	40.7	100.0%
Rental	6.4	4.2	2.2	52.4%
Other revenue	4.2	4.0	0.2	5.0%
	278.1	124.2	153.9	123.9%
Operating cost and expenses	(545.8)	(471.3)	(74.5)	15.8%
Operating loss	(267.7)	(347.1)	79.4	(22.9%)
Other income (expenses)				
Interest expense	(154.6)	(124.1)	(30.5)	24.6%
Interest income	0.6	0.5	0.1	20.0%
Miscellaneous income (expenses)	(0.1)	0.2	(0.3)	(150.0%)
	(154.1)	(123.4)	(30.7)	24.9%
Loss before income Tax	(421.8)	(470.5)	48.7	(10.4%)
Provision for income tax	(7.8)	0.0	(7.8)	(100.0%)
Net loss	(429.6)	(470.5)	40.9	(8.7%)
Other comprehensive income				
Actuarial Gains on retirement liability	0.7	0.7	0.0	0.0%
Total comprehensive loss	(428.9)	(469.8)	40.9	(8.7%)
Basic/diluted loss per share	(₱0.14)	(₱0.15)	₱0.01	(6.7%)

Comparison of Operating Results for the Nine Months Ended September 30, 2022 and 2021

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 nine months ended September 30, 2022 and 2021 amounted to ₱278.1 million and ₱124.2 million, respectively.

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

- Revenue share in gaming operations increased by ₱89 million or 133% from ₱66.7 million in 2021 to ₱155.7 million in 2022. The increase is attributable to higher gaming capacity and foot traffic this period comparing to same period last year.

- Revenue from hotel rooms increased by ₱1 million or 3% from ₱37.1 million in 2021 to ₱38.1 million in 2022. The hotel is accredited Multi-Use Hotel, an accommodation establishment that have been inspected by Department of Tourism (DOT) and Bureau of Quarantine (BOQ) and determined to be suitable for the accommodation of both quarantine and non-quarantine guests by reason of compliance with standards for physical separation of guests. The increase in revenue is due to higher number of leisure bookings this period comparing to same period last year.

  Though room occupancy rate decreased from 63% in 2021 to 50% in 2022, the increase in room revenue is because of higher average room rate as contributed by higher leisure bookings this period comparing to same period last year.

- Revenue from food and beverage increased by ₱20.8 million or 171% from ₱12.2 million in 2021 to ₱33 million in 2022. The increase is attributable to higher food and beverage covers and banquet events held in the first to third quarter of 2022.

- Revenue from bingo operations increased from nil in 2021 to ₱40.7 million in 2022. The bingo operations have only operated until March 13, 2020 and resume to operate beginning December 2021 on limited capacity.

- Revenue from rental increased by ₱2.2 million or 52% from ₱4.2 million in 2021 to ₱6.4 million in 2022. The increase is due to higher fixed or percentage rentals because more concessionaire's resume their operations at higher capacity.

- Other revenue increased by ₱0.2 million or 5% from ₱4 million in 2021 to ₱4.2 million in 2022. This is mainly attributable to increase in consumption of utilities billed by the Group to its concessionaires.

Total operating costs and expenses for the period ended September 30, 2022 and 2021 amounted to ₱545.8 million and ₱471.3 million, respectively. The significant increase in the total operating costs and expenses is due to increase in utilities, salaries and wages, contracted services, taxes and licenses, gaming fees, cost of hotel room and supplies, cost of food, beverage and tobacco, banquet expenses and entertainment which is offset by the decrease in depreciation, transportation and travel expense.

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

- Utilities increased by ₱25.6 million or 57% from ₱44.7 million in 2021 to ₱70.3 million in 2022. The increase is attributable to increased gaming capacity, higher occupancy, additional electricity charges due to fuel cost recovery adjustments, and increased consumption of utilities from concessionaires.

- Salaries and wages expense increased by ₱11.7 million or 28% from ₱41.2 million in 2021 to ₱52.9 million in 2022. This is attributable to additional manpower and worked days due to higher allowable capacity to operate for the third quarter.

- Contracted services increased by ₱12 million or 49% from ₱24.4 million in 2021 to ₱36.4 million in 2022. This is mainly due to the increased in contracted manpower services in the hotel and casino with increased worked days and with higher occupancy for the third quarter.

- Repairs and maintenance expense increased by ₱6.4 million or 21% from ₱30.1 million in 2021 to ₱36.5 million in 2022. The increase is due to increased usage of air-conditioned facilities and increased preventive maintenance to generator sets.

- Taxes and licenses increased by ₱9.7 million or 28% from ₱34.3 million in 2021 to ₱44 million in 2022. The increase corresponds with the higher property taxes for the year.

- Gaming fees increased by ₱22.2 million from ₱0.001 million in 2021 to ₱22.2 million in 2022. The increase is mainly due to the reopening of the bingo operations last December 2021 up to date.

- Hotel room and supplies increased by ₱7.9 million or 119% from ₱6.6 million in 2021 to ₱14.5 million in 2022.

- Cost of sale from food & beverages increased by ₱7.4 million or 83% from ₱8.9 million in 2021 to ₱16.3 million in 2022. This is due to the higher food and beverage covers and banquet events.

- Entertainment expenses increased by ₱5.8 million or 100% from nil in 2021 to ₱5.8 million in 2022. Performances for hotel guests and casino players resumed.

- Other expenses increased by ₱10 million or 163% from ₱6.1 million in 2021 to ₱16.1 million in 2022. The increase is due to the increase in operating and administrative related activities of the Group which resulted to increase 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 September 30, 2022 and 2021:

	For the Three months Ended			
	September 30, 2022	September 30, 2021	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso expect EPS			
Revenue				
Revenue share in gaming operation	₱64.3	₱20.5	₱43.8	213.7%
Hotel	13.6	16.0	(2.4)	(15.0%)
Food and Beverage	16.1	5.0	11.1	222.0%
Bingo Operations	15.1	0.0	15.1	100.0%
Rental	1.0	0.9	0.1	11.1%
Other revenue	1.7	3.3	(1.6)	(48.5%)
	111.8	45.7	66.1	144.6%
Operating cost and expenses	(203.4)	(146.6)	(56.8)	38.7%
Operating loss	(91.6)	(100.9)	9.3	(9.2%)
Other income (expenses)				
Interest expense	(84.0)	(40.1)	(43.9)	109.5%
Interest income	0.0	0.2	(0.2)	(100.0%)
Miscellaneous income (expenses)	0.0	0.02	(0.02)	(100.0%)
	(84.0)	(39.9)	(44.1)	110.5%
Loss before income Tax	(175.6)	(140.8)	(34.8)	24.7%
Provision for income tax	(4.7)	0.0	(4.7)	(100.0%)
Net loss	(180.3)	(140.8)	(39.5)	28.1%
Other comprehensive income				
Actuarial Gains on retirement liability	0.2	0.2	0.0	0.0%
Total comprehensive loss	(180.1)	(140.6)	(39.5)	28.1%
Basic/diluted loss per share	(₱0.06)	(₱0.04)	(₱0.02)	50.0%

Comparison of Operating Results for the Three Months Ended September 30, 2022 and 2021

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 September 30, 2022 and 2021 amounted to ₱111.8 million and ₱45.7 million, respectively.

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

- Revenue share in gaming operations increased by ₱43.8 million or 214% from ₱20.5 million in 2021 to ₱64.3 million in 2022. The increase is attributable to higher gaming capacity and foot traffic this period comparing to same period last year.

- Revenue from hotel rooms decreased by ₱2.4 million or 15% from ₱16 million in 2021 to ₱13.6 million in 2022. The hotel is accredited Multi-Use Hotel, an accommodation establishment that have been inspected by Department of Tourism (DOT) and Bureau of Quarantine (BOQ) and determined to be suitable for the accommodation of both quarantine and non-quarantine guests by reason of compliance with standards for physical separation of guests. Accordingly, the room occupancy rate decreased from 75% in 2021 to 51% in 2022. Of the 128 rooms available on average each day, average occupied paying rooms per day is 96 rooms in 2021, which is lower than the 65 rooms in 2022.

- Revenue from food and beverage increased by ₱11.1 million or 222% from ₱5 million in 2021 to ₱16.1 million in 2022. The increase is attributable to higher food and beverage covers and banquet events held in the third quarter of 2022.

- Revenue from bingo operations increased from nil in 2021 to ₱15.1 million in 2022. The bingo operations have only operated until March 13, 2020 and resume to operate beginning December 2021 on limited capacity.

- Revenue from rental increased by ₱0.1 million or 11% from ₱0.9 million in 2021 to ₱1 million in 2022. The increase is due to higher fixed or percentage rentals because more concessionaire's resume their operations at higher capacity.

- Other revenue decreased by ₱1.6 million or 48% from ₱3.3 million in 2021 to ₱1.7 million in 2022. This is mainly attributable to decrease in consumption of utilities billed by the Group to its concessionaires.

Total operating costs and expenses for the period ended September 30, 2022 and 2021 amounted to ₱203.4 million and ₱146.6 million, respectively. The significant increase in the total operating costs and expenses is due to increase in utilities, salaries and wages, contracted services, taxes and licenses, gaming fees, cost of hotel room and supplies, cost of food, beverage and tobacco, banquet expenses and entertainment which is offset by the decrease in depreciation, transportation and travel expense.

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

- Utilities increased by ₱11.7 million or 73% from ₱16.1 million in 2021 to ₱27.8 million in 2022. The increase is attributable to increased gaming capacity, higher occupancy, additional electricity charges due to fuel cost recovery adjustments, and increased consumption of utilities from concessionaires.

- Salaries and wages expense increased by ₱6.8 million or 52% from ₱13.1 million in 2021 to ₱19.9 million in 2022. This is attributable to additional manpower and worked days due to higher allowable capacity to operate for the third quarter.

- Contracted services increased by ₱8.4 million or 142% from ₱5.9 million in 2021 to ₱14.3 million in 2022. This is mainly due to the increased in contracted manpower services in the hotel and casino with increased worked days and with higher occupancy for the third quarter.

- Repairs and maintenance expense increased by ₱2 million or 21% from ₱9.7 million in 2021 to ₱ 11.7 million in 2022. The increase is due to increased usage of air-conditioned facilities and increased preventive maintenance to generator sets.

- Taxes and licenses increased by ₱7 million or 160% from ₱4.4 million in 2021 to ₱11.4 million in 2022. The increase corresponds with the higher property taxes for the year.

- Gaming fees increased by ₱9.8 million or 100% from nil in 2021 to ₱9.8 million in 2022. The increase is mainly due to the reopening of the bingo operations last December 2021 up to date.

- Hotel room and supplies increased by ₱5.2 million or 208% from ₱2.5 million in 2021 to ₱7.7 million in 2022.

- Cost of sale from food & beverages increased by ₱6.5 million or 210% from ₱3.1 million in 2021 to ₱9.6 million in 2022. This is due to the higher food and beverage covers and banquet events.

- Entertainment expenses increased by ₱3 million or 100% from nil in 2021 to ₱3 million in 2022. Performances for hotel guests and casino players resumed.

- Other expenses increased by ₱5.2 million or 179% from ₱2.9 million in 2021 to ₱8.1 million in 2022. The increase is due to the increase in operating and administrative related activities of the Group which resulted to increase in incurrence of miscellaneous expenses.

6.2 Analysis of Statements of Financial Position

	For the Period Ended			
	September 30, 2022 *(Unaudited)*	December 31, 2021 *(Audited)*	**Amount Change**	**% Change**
	Amount in Millions of Philippine peso			
Assets				
Cash and cash equivalents	₱22.3	₱12.8	₱9.5	74.2%
Receivables	207.9	219.9	(12.0)	(5.5%)
Inventories	19.2	15.5	3.7	23.9%
Current portion of input value added tax	29.1	13.4	15.7	117.2%
Prepayments and other current assets	3,757.0	91.3	3,665.70	4,015.0%
Property and equipment	4,156.7	4,288.4	(131.7)	(3.1%)
Input VAT- net of current portion	102.7	100.1	2.6	2.6%
Other noncurrent asset	203.1	253.7	(50.6)	(19.9%)
Total Assets	₱8,498.0	₱4,995.1	₱3,502.90	70.1%
Liabilities				
Accounts payable and other current liabilities	₱ 746.2	₱706.4	₱39.8	5.6%
Retention payable	4.1	4.1	0.0	0.0%
Interest payable	95.7	51.5	44.2	85.8%
Advances from Stockholders	800.7	611.5	189.2	30.9%
Loans payable	2,292.3	2,290.0	2.3	0.1%
Deposit for future subscription	2,426.5	2,426.5	0.0	0.0%
Other noncurrent liabilities	3,662.5	6.2	3,656.30	58,972.6%
Total Liabilities	10,028.0	6,096.2	3,931.80	64.5%
Capital stock	3,174.4	3,174.4	0.0	0.0%
Deficit	(4,713.2)	(4,283.6)	(429.6)	10.0%
Actual gains on retirement liability	8.8	8.1	0.7	8.6%
Total Equity	(1,530.0)	(1,101.1)	(428.9)	39.0%
Total Liabilities and Equity	₱8,498.0	₱4,995.1	₱3,502.90	70.1%

<u>Discussion on some Significant Change in Financial Condition as of September 30, 2022 and December 31, 2021</u>

Total assets amounting to ₱8,498 million as of September 30, 2022 increased by ₱3,502.9 million or 70% from ₱4,995.1 million in December 31,2021.

1. For the period ended September 30, 2022, cash and cash equivalence increased by ₱9.5 million or 74%, from ₱12.8 million in 2021 to ₱22.3 million in 2022 due to the following:

   a) The negative cash flows used in operating activities amounting to ₱113 million resulted from the difference in operating loss generated amounting to ₱421.8 million and changes in the working capital amounting to ₱308.8 million.

   b) Net cash flows used in investing activities amounting to ₱42.5 million is due to the decrease in other noncurrent asset amounting to ₱50.0 million offset by additions to property and equipment amounting to ₱7.4 million

   c) Net cash flows provided by financing activities amounted to ₱79.9 million for the current year. The Group received proceeds from advances to stockholders amounting to ₱186.9 million and decrease of restricted cash amounting to ₱2.5 million and ₱104.5 million to pay its maturing interest on loan.

2. The ₱12 million or 5.5% decrease in receivables is primarily due to:
   a. Collections primarily for OWWA receivables amounting to ₱41.8 million

   This is offset by increase in receivable mainly due to higher receivables from PAGCOR due to the increased gaming revenue

3. The increase in inventories of ₱3.7 million or 24% from ₱15.5 million in 2021 to ₱19.2 million in 2022 is mainly due to the Group acquisition of new playing cards amounting to ₱7.5 million partially offset by consumed ₱2.5 million from its available sets.

4. Prepayments and other current assets increased by ₱3,665.7 million from ₱91.3 million in 2021 to ₱3,757 million in 2022. The significant increase is mainly due to the restricted short-term placement which pertains to escrow account balance as of the report date. The Parent Company transferred and placed U.S. $100.0 million (about P5.1 billion) into an escrow account with a universal bank acceptable to both PAGCOR and the Parent Company from which all funds for the development of future projects shall be disbursed. At any given time, the escrow account shall have a maintaining balance of not lower than U.S.$50.0 million (about P2.5 billion). This escrow requirement was funded by principal stakeholder and reported as part of Other Noncurrent Liabilities.

   Restricted short-term placements are made for varying periods ranging from 1 to 35 days in 2022 and earn effective interests of 2.125% to 3% per annum in 2022.

5. The decrease in other noncurrent assets of ₱50.6 million or 20% from ₱253.7 million in 2021 to ₱203.1 million in 2022 is mainly due to depreciation of fixed asset and lower receivable arising from PTO related to gaming equipment.

6. The accounts payable and other current liabilities increased by ₱39.8 million or 6% from ₱706.4 million in 2021 to ₱746.2 million in 2022. 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.

7. Interest payable increased by ₱44.2 million or 86% from ₱51.5 million in 2021 to ₱95.7 million in 2022.

8. The increase in current portion of loans payable by ₱315.8 million or 100% from nil in 2021 to ₱ 315.8 million in 2022 is attributable to the Group's scheduled loan principal repayment by 2023.

9. Advances from stockholders increased by ₱189.2 million or 31% from ₱611.5 million in 2021 to ₱800.7 million in 2022 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 September 30, 2022 and 2021:

Indicators	**Manner of Computation**	**For the three months ended September 30**		**For the nine months ended September 30**	
		2022	**2021**	**2022**	**2021**
Current ratio	Current Assets / Current Liabilities	**3:47:1**	**0.46:1**	**3:47:1**	**0.46:1**
Debt-to-Equity Ratio	Total Liabilities / Total Equities	**8:48:1**	**2.06:1**	**8:48:1**	**2.06:1**
Asset Liability Ratio	Total Assets / Total Liabilities	**0:85:1**	**0.89:1**	**0:85:1**	**0.89:1**
Return on Assets	Net Income (Loss) / Total Assets	**(2%)**	**(3%)**	**(5%)**	**(9%)**
Basic Earnings (losses per share)	Net Income (Loss) / Outstanding Common Shares	**(₱0.06)**	**(₱0.04)**	**(₱0.14)**	**(₱0.15)**

Current ratio is regarded as a measure of the Group's liquidity or its ability to meet maturing obligations. For the nine months ended September 30, 2022, the current ratio is 3.47:1 compared to 0.46:1 of the prior year. The outstanding liabilities in 2022 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 ₱3.47 current assets to support every ₱1.00 of their 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 nine months ended September 30, 2022, the debt to equity ratio has increased by 6.42 from 2.06 in 2021 to 8.48 in 2022.

The asset-liability ratio, exhibits the relationship of the total assets of the Group with its total liabilities. For the nine months ended September 30, 2022, the asset-liability ratio is 0.85:1 from 0.89:1 as of that of September 30, 2021. The ratio indicates that the Group has ₱0.85 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 nine months ended September 30, 2022 and 2021, the return on asset is negative 5% and 9% respectively. For the three months ended September 30, 2022 and 2021, the return on asset is negative 2% and 3% respectively.

For the nine months ended September 30, 2022, the Group's loss per share amounts to (₱0.14) which decreased from (₱0.15) that of prior year. For the three months ended September 30, 2022, the Group's loss per share amounts to (₱0.06) which increased from (₱0.04) 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 Resort & Casino (WMRC) is the newest integrated resort in Greater Manila, specifically at the San Lazaro Tourism and Business Park situated in the Philippine capital's historic Chinese quarter. Built at a cost of ₱8.0 billion, WMRC is a world-class hospitality and entertainment hotel that boasts rest and recreation alternatives in one luxurious package.

Among its main features are 128 all-suite rooms, a 700-seating capacity ballroom, an outdoor heated swimming pool, a dental clinic, fully-equipped fitness and business centers, and over 9,000 square meters of internationally-designed indoor gaming and entertainment facilities.

The expanded ground floor casino can now accommodate more slot machines and electronic table games operating at the same time, without compromising safety protocols. Currently, there are 10 operational table games and 496 slot machines in the gaming floor.

In addition to this, WMRC built a private slot salon in the area that was previously occupied by the ground floor cage and money changer. Being a slot machine-driven market wherein revenue goals can be met, WMRC continously improves and expands its operations through aggressive marketing and promotions.

On the Hotel front, WMRC is fully operational with an average occupancy of 63%. Partnerships with the Hotel Sales & Marketing Association (HSMA) and WMRC's Members' Room Promo are just some of the initiatives being taken to bring back hotel and casino patrons. The Ballroom continues to enjoy frequent bookings for events and MICE activities, with 100 percent capacity restored. Social events are regular on weekends, while corporate meetings are picking up on weekdays.

In its mission to achieve a 5-star rating, WMRC continues to enhance its facilities and amenities year-round. A new WMRC signature F&B outlet and fine dining restaurant chain are among the new attractions expected to open in 2023.

For Q4 2022, WMRC marketing and public relations (PR) highlights included quarterly car raffles, monthly appliance and cash raffles, monthly live concerts, Earn & Redeem promotions, room & buffet promos, grand jackpots, and an upcoming Christmas-themed corporate social responsibility (CSR) initiative geared toward giving back to the community and helping the less fortunate residents of the area.

Annex ''E''
Minutes of the
2021 Annual Meeting of the Stockholders

FOR APPROVAL OF THE STOCKHOLDERS
ON THE 2022 ANNUAL STOCKHOLDERS' MEETING

MINUTES OF THE 2021 ANNUAL MEETING OF THE STOCKHOLDERS

MJC INVESTMENTS CORPORATION

Held via Remote Communication at
http://mjcinvestmentscorp.com/ASM2021.php

on November 12, 2021 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%**

DIRECTORS AND OFFICERS PRESENT

Alfonso R. Reyno, Jr.	*Chairman of the Board*
Chai Seo Meng	*Vice Chairman*
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*

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 October 14, 2021, 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 September 30, 2021, 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 October 14 and 15, 2021 in the business section of the Daily Tribune and Malaya Business Insight, in both the print and online formats, 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*.

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.

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 November 2, 2021 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 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.

III. APPROVAL OF THE MINUTES OF THE 2020 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 December 4, 2020.

FOR APPROVAL OF THE STOCKHOLDERS
ON THE 2022 ANNUAL STOCKHOLDERS' MEETING

The Corporate Secretary reported that a copy of the Minutes of the 2020 Annual Stockholders' Meeting (the "**2020 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 2020 ASM Minutes.

Upon motion duly made and seconded, the 2020 ASM Minutes was unanimously approved by the stockholders.

The Corporate Secretary then presented the Stockholders' Resolution No. 2021-01 on the approval of the 2020 ASM Minutes:

Stockholders' Resolution No. 2021-01

> "**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 December 4, 2020."

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2021-01 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 2020 (the "**President's Report**").

Below is the President's Report.

To our esteemed members of the Board of Directors of MJC Investments Corporation, my fellow shareholders, ladies and gentlemen, good morning.

FOR APPROVAL OF THE STOCKHOLDERS
ON THE 2022 ANNUAL STOCKHOLDERS' MEETING

I hope that you are all in good health. It has been one year and eight months since the pandemic changed our way of life. If I may digress before beginning my President's Report, please allow me to extend my heartfelt sympathies to members of the Winford Manila family who have lost loved ones during this health crisis. May we all continue to be granted the strength and fortitude to cope during these challenging times.

For today's Annual Stockholders' Meeting, I will be speaking on four subjects:

- *First, what we have done during the onset of the pandemic;*
- *Secondly, our Financial Performance in 2020;*
- *Next, the highlights that stood out in 2020 for the Winford Manila, despite the hurdles we faced;*
- *And, lastly, looking forward to 2021 and beyond.*

Coronavirus Pandemic

In 2020, Winford Manila was at the start of a stellar year, having record drops and wins for December 2019 which was topped by January 2020. We all were ready to ride the momentum of what was supposed to be a record year for the Company.

Alas, the pandemic broke out, and on March 15, 2020, we had to cease operations of our casino and close our hotel three days later.

Our main goal at that time was to fulfill our obligations to the country to curb this dire situation, but more importantly, we wanted to take care of the employees that make up the heart and soul of Winford Manila that kept our customers coming back.

We did everything within our means to take care of our teammates, ensuring that everybody received the financial support they deserved, even finding creative means to extend a helping hand whenever they needed it.

The employees also did their part to help the Company by taking leaves without pay during the latter part of the year, so that the Company could keep afloat and minimize expenses at a time when revenues were down.

It wasn't until late August that we were able to operate our casino freely, providing our customers a place to be entertained, while strictly keeping safety protocols in place.

Financial Performance

The Company enjoyed full operations during the first few months of the year until March 15, 2020. It wasn't until August 21 that we were allowed to open the casino on a dry-run basis to ensure that our systems were still functioning properly, which also allowed us to perform the necessary maintenance work to update our systems.

Due to the 5 month-long closure, along with the restrictions on senior citizens not being allowed to leave their homes, the financial results of 2020 was not as stellar as we had hoped at the beginning of the year.

Revenues

Total revenues were down year over year by 70.2% from PHP743.1M in 2019 to PHP221.4M in 2020. Most of this reduction was from gaming operations which saw a 69.1% decline from the previous year, from P494.5M to P153M in 2020.

Bingo operations were never allowed to continue after the closure in March, which brought about a decrease of 82.7% in revenues year over year.

Our limited hotel stays for the year that consisted of OWWA bookings starting in July and Crew Exchange rooms resulted in a decline of 64.3%, from PHP67.4M to PHP24.1M.

Expenses

As expected from halted operations, our expenses were reduced by 44.6%, from PHP1.2B to PHP664.4M. Most of these expenses were depreciation and amortization costs, taxes and licenses, along with maintenance contracts.

Overall

With all the cost savings and limited revenues, the Company was able to see a slight improvement of positive 2.9% with a net loss of PHP443.0M for 2020, compared to the previous year's net loss of PHP456.4M.

Highlights for 2020

Casino

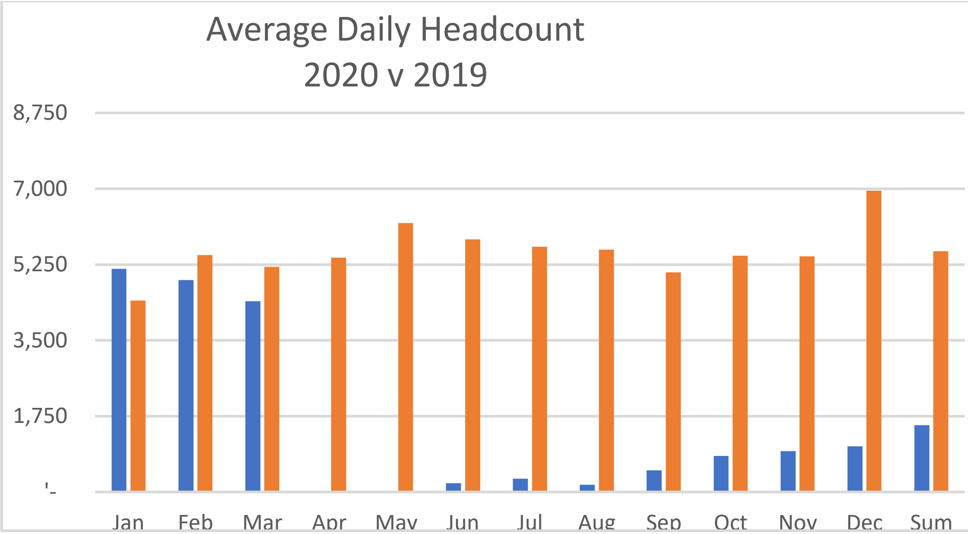
We have proven to the industry that Winford Manila has a strong slot market, and proof of this was the addition of machines that slot manufacturers have provided for us on a revenue-sharing agreement. We were able to add 16 Jumbo machines and 18 Novomatic machines to our inventory.

At a time when safety protocols were put in place, with social distancing and plastic barriers becoming the norm, Winford Manila was in a unique position of having space to spare on casino floors such that we were able to properly place all our slot machines far apart without having to purchase plastic barriers for all of them.

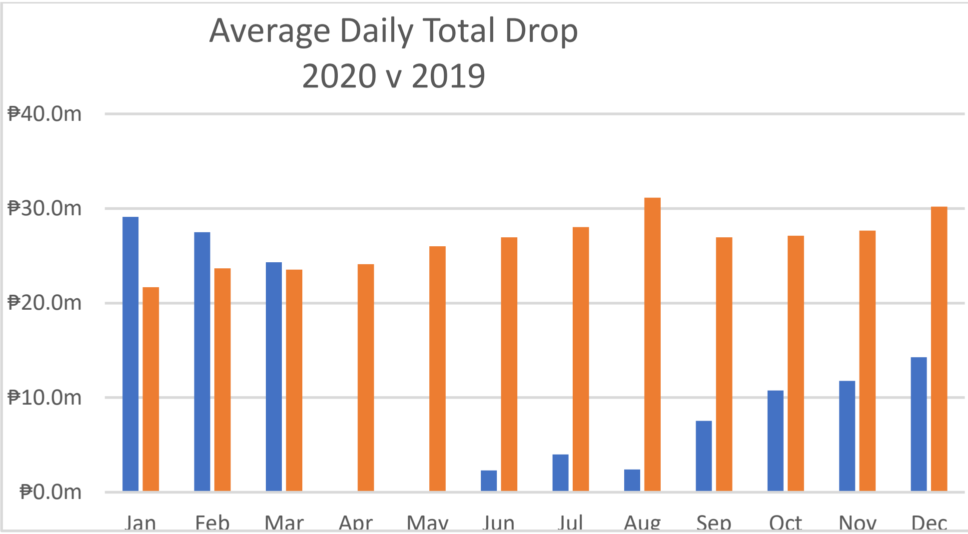
I would like to illustrate how we performed in the first few months of the year, and how Winford Manila was poised to beat the previous year's numbers had the pandemic not set in:

Our average daily headcount for January surpassed the previous year and the following months were not that far from the comparison.

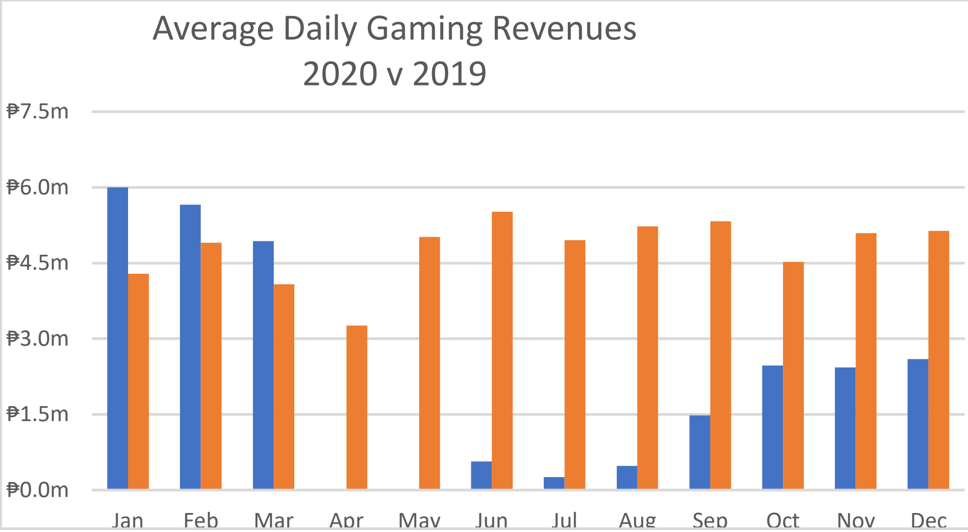
**FOR APPROVAL OF THE STOCKHOLDERS
ON THE 2022 ANNUAL STOCKHOLDERS' MEETING**



The true indicator of casino volume would be Total Casino drop, and our average daily drop for the first three months beat 2019



The ultimate result in casino activity would be the subsequent revenues that we had, which showed a clear increase year over year in 2020 over 2019



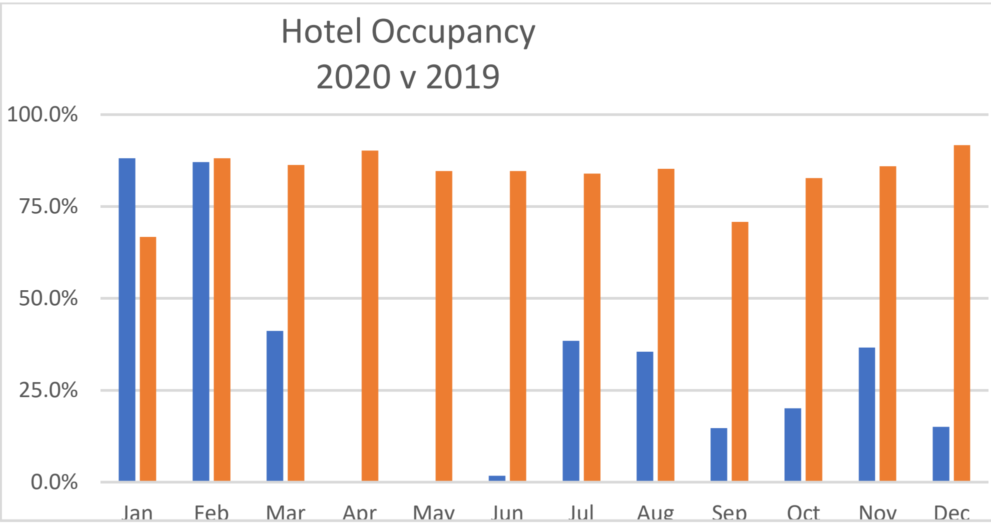
HOTEL

The hospitality industry was hit the hardest during the pandemic, as we relied heavily on customer visitation, restaurant covers, and hotel stays. When the hotel closed on March 18, we had to wait for the advise of the Department of Tourism on when and how we could reopen our doors and gain revenue.

By July 13, 2020, we were allowed to accept returning Overseas Filipino Workers through the Overseas Workers Welfare Administration, and although our profit margin was meager, it was better than not earning anything at all.

In November, we were able to augment our income when we were allowed to accept Crew Exchange guests of cargo ships that were docked at the Manila Harbor.

The following occupancy graph illustrates our activity for the year:



FINANCE

FOR APPROVAL OF THE STOCKHOLDERS
ON THE 2022 ANNUAL STOCKHOLDERS' MEETING

In November 2019, the Company entered into a 7-year loan agreement with BDO Unibank for the refinancing of our outstanding loan balance with UnionBank of the Philippines.

In light of the ongoing pandemic, we endeavored to restructure our loan with BDO Unibank and in June and August of 2020, we were approved relief wherein Winford Manila was allowed to defer PHP141.3M in principal repayment to 2021.

<u>Looking forward to 2021 and Beyond</u>

Not even a year like 2020 will deter Winford Manila from our goals of achieving profits as quickly as possible. We outlined our goals from last year that we hope to achieve in 2021 to bring us closer to fulfilling our objective.

- ***Casino***

We continue to stress that the busiest area in the casino is our ground floor, and we were able to finish our renovation of this area in August 2021. We were able to effectively double the number of slot machines that we can accommodate, from 100 previously to a maximum of 200. In addition to this, we were able to build a private slot salon in the area that used to be occupied by the ground floor cage and money changer. We are currently reconfiguring the old hawker kitchen to four smaller private slot salons.

- ***Slots***

The Winford Manila is a slot machine-driven market and this is where we will be able to achieve our revenue goals. We will be moving our acquisition target by 18 months, hoping to acquire 600 machines by the middle of 2023, and ultimately 800 total machines by end of 2024.

- ***Tables***

During this pandemic, we have been able to prove that game pace can be greatly improved with the lessening of crowding. We intend to keep this practice for our higher limit tables. We plan to increase the number of table games to 38 by the third quarter of 2022 from our current complement of 22.

- ***Hotel***

We have been working on improving our amenities at the Winford Manila Resort & Casino, with the goal of achieving at least a 4-star rating. We were previously visited by the Department of Tourism wherein we were advised on the changes that we need to make in order for us to earn this rating.

Achieving this allows us to further increase our revenues from our Travel Agency Partners, as well as with Free Independent Travelers.

Closing

Needless to say, 2020 was a challenging year for Winford Manila Resort and Casino. Along with the entire tourism and hospitality industry, we found ourselves in uncharted waters due to the sheer magnitude of the pandemic. Fortunately, we thought of creative ways to keep our head above water. Through dedication, perseverance, and adaptability, we succeeded in weathering arguably the worst economic crisis in centuries.

Our goal for 2021 and beyond is to sustain the momentum we have kept over the past year and kick it into high gear, now that the health authorities have given us the green light to expand our operations.

***While our primary goal has always been to provide our patrons with world-class service in a place where they don't have to spend out-of-this-world prices, Winford Manila is ready, willing, and able to adapt to this ever-changing world. Our evolution will begin by making safety a top priority so that our loyal patrons not only continue to come back, but also feel like they are in a place that is as safe as their own home.
Thank you very much.***

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 DECEMBER 31, 2020

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 December 31, 2020.

The Corporate Secretary reported that a copy of the Annual Report and Audited Financial Statements for the period ended December 31, 2020 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 December 31, 2020.

Upon motion duly made and seconded, the Annual Report and Audited Financial Statements for the period ended December 31, 2020was unanimously approved by the stockholders.

The Corporate Secretary then presented the Stockholders' Resolution No. 2021-02 on the approval of the Annual Report and Audited Financial Statements for the period ended December 31, 2020:

FOR APPROVAL OF THE STOCKHOLDERS
ON THE 2022 ANNUAL STOCKHOLDERS' MEETING

Stockholders' Resolution No. 2021-02

"**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 December 31, 2020."

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2021-02 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).

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.

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. 2021-03 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. 202-03

"**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 December 4, 2020."

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2021-03 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%**

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 2021-2022.

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 2021-2022.

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 2021-2022.

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 2021-2022.

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 2021-2022, who shall act as such until their successors shall have been duly elected and qualified.

The Corporate Secretary then presented the Stockholders' Resolution No. 2021-04 on the election of the Board of Directors:

Stockholders' Resolution No. 2021-04

"**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 2021-2022:

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. APPROVAL TO DELEGATE THE APPOINTMENT OF EXTERNAL AUDITOR TO THE BOARD OF DIRECTORS

The Chairman then proceeded with the next item in the agenda which was the delegation of the appointment of the Company's external auditor for fiscal year ending December 31, 2021 to the Board of Directors.

The Corporate Secretary reported that, as indicated in the Definitive Information Statement, the Company is still in the process of vetting the Company's external auditor for appointment for the fiscal year ending December 31, 2021. Pending said vetting, the Board proposed that the power to appoint the external auditor for the fiscal year ending December 31, 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.

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 delegation of the appointment of the external auditor for fiscal year ending December 31, 2021 to the Board of Directors.

Upon motion duly made and seconded, the delegation of the appointment of the external auditor for fiscal year ending December 31, 2021 to the Board of Directors was unanimously approved by the stockholders.

The Corporate Secretary then presented the Stockholders' Resolution No. 2021-05 on the delegation of the appointment of the external auditor for fiscal year ending December 31, 2021 to the Board of Directors:

Stockholders' Resolution No. 2021-05

"**RESOLVED**, that the stockholders of MJC Investments Corporation (the "**Company**") approve, as they hereby approve, the delegation of the appointment of the

external auditor for fiscal year ending December 31, 2021
to the Board of Directors."

As tabulated by the Corporate Secretary, the votes on the adoption of Stockholders' Resolution No. 2021-05 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.

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 ''F''
Secretary's Certificate
on the Board Resolution authorizing
the conduct of the
2022 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 22, 2022**, 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 2022 Annual Stockholders' Meeting ("**2022 ASM**") on **November 28, 2022 (Monday)** at 9:00 A.M.;
>
> "**RESOLVED, FURTHER**, that the Corporation hereby approves **October 10, 2022 (Monday)** as the Record Date for determining the shareholders entitled to notice of and to vote at the 2022 ASM;
>
> "**RESOLVED, FURTHER**, that the Corporation hereby authorizes and approves (i) the conduct of the 2022 ASM via remote communication; (ii) the participation by the stockholders in the 2022 ASM via remote communication; and (iii) voting in the 2022 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 2022 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 2022 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 2 2 2022 at Pasig City.

FERDINAND A. DOMINGO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this SEP 2 2 2022, in Pasig City, affiant exhibiting to me his TIN 145-006-236.

Doc. No. 486;
Page No. 99;
Book No. X;
Series of 2022.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 81 (2022-2023)
December 31, 2023
PTR No.8132084/1-21-2022/PASIG CITY
IBP No.199958/1-19-2022/PASIG CITY
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY No. 57018

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 **October 20, 2022**, the Board of Directors of the Corporation passed and approved the following resolutions:

> "**RESOLVED, AS IT IS HEREBY RESOLVED**, that **MJC Investments Corporation** (the "**Corporation**"), approves, as it hereby approves, the postponement of the Annual Stockholders' Meeting for year 2022 (the "**2022 ASM**") scheduled on November 28, 2022 (Monday), in view of the preparation and finalization of the Company's Quarterly Report for the 3rd Quarter 2022 which is required to be included in the Company's Definitive Information Statement (DIS) for distribution to the stockholders."
>
> "**RESOLVED, FURTHER**, that the Corporation hereby authorizes and approves the setting of the 2022 ASM on **December 12, 2022 (Monday)** at 9:00 A.M.;
>
> "**RESOLVED, FURTHER**, that the Corporation hereby approves **October 10, 2022 (Monday)** as the Record Date for determining the shareholders entitled to notice of and to vote at the 2022 ASM;
>
> "**RESOLVED, FURTHER**, that the Corporation hereby authorizes and approves (i) the conduct of the 2022 ASM via remote communication; (ii) the participation by the stockholders in the 2022 ASM via remote communication; and (iii) voting in the 2022 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 2022 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 2022 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 OCT 20 2022 at Pasig City.

Ferdinand A. Domingo

FERDINAND A. DOMINGO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this OCT 20 2022, in Pasig City, affiant exhibiting to me his TIN 145-006-236.

Doc. No. 52 ;
Page No. 12 ;
Book No. XI ;
Series of 2022.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 81 (2022-2023)
December 31, 2023
PTR No.8132084/1-21-2022/PASIG CITY
IBP No.199958/1-19-2022/PASIG CITY
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY No. 57018

Annex ''G''
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 2022 Annual Stockholders' Meeting ("**2022 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/ASM2022.php on **December 12, 2022** at **9:00 a.m**.

Due to the continuing threat of COVID-19 community transmission, stockholders of record as of **October 10, 2022** 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 asm2022@winfordmanila.com no later than **December 2, 2022**.

- *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 2022 ASM.

Only stockholders who have notified the Company of their intention to participate, and vote in the 2022 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/ASM2022.php.**

All Ballots or Proxies shall be submitted via email at **asm2022@winfordmanila.com** no later than **December 2, 2022.**

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 2022 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 2022 ASM.

Stockholders may send their questions related to the agenda by email to **asm2022@winfordmanila.com** no later than the schedule of the 2022 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 2022 ASM shall be recorded in audio and video format.

Annex ''H''
Certifications of the Nominees for 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 ("**MJIC**") 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
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 OCT 04 2022 in Pasig City, Metro Manila.

ADAN T. DELAMIDE
Affiant

SUBSCRIBED AND SWORN to before me this day of OCT 04 2022 at Pasig City, affiant personally appeared before me and exhibited to me his Tax Identification No. 910-764-029.

Doc. No. 510 ;
Page No. 103 ;
Book No. XI ;
Series of 2022.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 81 (2022-2023)
December 31, 2023
PTR No.8132084/1-21-2022/PASIG CITY
IBP No.199958/1-19-2022/PASIG CITY
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 ("**MJIC**") 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
Solar Tanauan Corporation	Corporate Secretary	2022 – 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 OCT 04 2022 in Pasig City, Metro Manila.

VICTOR P. LAZATIN
Affiant

SUBSCRIBED AND SWORN to before me this day of OCT 04 2022 at Pasig City, affiant personally appeared before me and exhibited to me his Tax Identification No. 125-673-098.

Doc. No. 511;
Page No. 104;
Book No. X;
Series of 2022.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 81 (2022-2023)
December 31, 2023
PTR No.8132084/1-21-2022/PASIG CITY
IBP No.199958/1-19-2022/PASIG CITY
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY No. 57018

Annex ‘’I’’
Corporate Secretary’s 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 2022.

IN WITNESS WHEREOF, this Certification is signed this OCT 04 2022 at Pasig City.

Ferdinand A. Domingo
FERDINAND A. DOMINGO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this OCT 04 2022, in Pasig City, affiant exhibiting to me his TIN 145-006-236.

Doc. No. 509;
Page No. 103;
Book No. X;
Series of 2022.

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. 81 (2022-2023)
December 31, 2023
PTR No.8132084/1-21-2022/PASIG CITY
IBP No.199958/1-19-2022/PASIG CITY
CITIES OF PASIG SAN JUAN AND PATEROS
ROLL OF ATTORNEY No. 57018