

COVER SHEET

AS093009289

S.E.C. Registration Number

PREMIUM LEISURE CORP AND SUBSIDIARIES

(Company's Full Name)

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City

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

JACKSON T. ONGSIP

Contact Person

(632) 662-8888

Company Telephone Number

12

Month

31

Day

17-Q

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

359

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks - pls. Use black ink for scanning purposes

SEC Number AS093-009289
File Number _____

PREMIUM LEISURE CORP.
(Company's Full Name)

5th Floor Tower A Two E-Com Center
Palm Coast Avenue, Mall of Asia Complex,
CBP-1A, Pasay City
(Company's Address)

(632) 8662-8888
(Telephone Numbers)

30 June 2020
(Quarter Ending)

SEC FORM 17-Q
(Form Type)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE**

1. For quarterly period ended **June 30, 2020**
2. SEC Identification Number **AS093-009289**
3. BIR Tax Identification No. **003-457-827**
4. Exact name of registrant as specified in its charter:

PREMIUM LEISURE CORP
5. Province, Country or other jurisdiction of incorporation/organization: **Philippines**
6.

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 (SEC Use Only)
7. Address of Principal Office:
**5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue,
Mall of Asia Complex, CBP-1A, Pasay City**
8. Registrant's telephone number, including area code: **(632) 662-8888**
9. Former name, former address, and former fiscal year, if changed since last report.
Not applicable
10. Securities registered pursuant to Sections 4 and 8 of the SRC

Title of Each Class Common Stock, ₱0.25¹ par value	Number of Shares of Common Stock Outstanding 31,216,931,000
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11. Are any or all of these securities listed on the Philippine Stock Exchange (PSE).
Yes ☒ No ☐

Out of a total of 31,216,931,000 outstanding shares, 31,216,930,995 shares are listed on the PSE. With the exception of shares initially offered to the public in August 1995, only fully paid shares were allowed to be listed in the PSE under PSE Circular No. 562 dated November 27, 1995.

12. Check whether the issuer:
 - a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code and under Section 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes ☒ No ☐
 - b) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

¹New par value of ₱0.25 was approved by the Securities and Exchange Commission on May 29, 2014.

PART 1- FINANCIAL INFORMATION

Item 1. Financial Statements

The following unaudited financial statements are submitted as part of this report:

- Consolidated Statements of Financial Position as of June 30, 2020 and December 31, 2019;
- Consolidated Statements of Comprehensive Income for the Six Months ended June 30, 2020 and June 30, 2019;
- Consolidated Statements of Changes in Equity for the Six Months ended June 30, 2020 and June 30, 2019;
- Consolidated Statements of Cash Flows for the Six Months ended June 30, 2020 and June 30, 2019.

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

PREMIUM LEISURE CORP AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

	Six Months Ended June 30		Horizontal Analysis		Vertical Analysis	
	2020	2019	Increase (Decrease)		2020	2019
	(Unaudited)	(Unaudited)	Amount	%	%	%
INCOME						
Gaming share revenue	247,917,375	1,883,672,506	-1,635,755,131	-87%	58%	77%
Equipment lease rentals	134,004,361	369,046,428	-235,042,068	-64%	31%	15%
Commission and distribution income	46,118,254	189,716,658	-143,598,403	-76%	11%	8%
	428,039,990	2,442,435,592	(2,014,395,602)	-82%	100%	100%
COST AND EXPENSES						
Salaries and payroll related expenses	96,633,357	184,060,276	-87,426,918	-47%	23%	8%
Repairs, maintenance and communication	37,025,739	62,675,797	-25,650,058	-41%	9%	3%
Software and license fees	20,582,546	91,017,845	-70,435,299	-77%	5%	4%
Online lottery expenses	4,621,807	26,876,828	-22,255,021	-83%	1%	1%
Service and consultancy fees	-	1,634,426	-1,634,426	-100%	0%	0%
General and administrative expenses	163,893,950	642,995,128	-479,101,178	-75%	38%	26%
Amortization of intangible	119,236,242	119,236,242	-	0%	28%	5%
Depreciation expense	129,277,132	109,068,062	20,209,070	19%	30%	4%
	571,270,773	1,237,564,604	(666,293,830)	-54%	133%	51%
OTHER INCOME (EXPENSES)						
Interest income	119,562,227	138,342,239	-18,780,011	-14%	28%	6%
Dividend Income	22,674,806	19,998,086	2,676,720	13%	5%	1%
Other income (charges)	(13,064,131)	15,250,918	-28,315,048	-186%	-3%	1%
	129,172,902	173,591,243	(44,418,340)	-26%	30%	7%
NET INCOME (LOSS) BEFORE INCOME TAX	(14,057,881)	1,378,462,231	(1,392,520,112)	-101%	-3%	56%
PROVISION(BENEFIT FROM) INCOME TAX	13,050,503	11,986,797	1,063,706	9%	3%	0%
NET INCOME	(27,108,384)	1,366,475,434	(1,393,583,818)	-102%	-6%	56%
<i>Net income attributable to Parent</i>	<i>54,424,727</i>	<i>1,404,609,090</i>	<i>(1,350,184,363)</i>	<i>-96%</i>	<i>13%</i>	<i>58%</i>
<i>Net income attributable to Minority interest</i>	<i>(81,533,111)</i>	<i>(38,133,656)</i>	<i>(43,399,455)</i>	<i>114%</i>	<i>-19%</i>	<i>-2%</i>

The Philippine Government declared a State of Public Health Emergency throughout the Philippines due to Covid19. This proclamation imposed a Community Quarantine (CQ) throughout Luzon effective March 17, 2020. It has since been lifted from Enhanced Community Quarantine to General Community Quarantine. However, gaming operations for integrated resorts, casinos and the nationwide lottery games of Philippine Charity Sweepstakes Office (PCSO), being considered leisure and/or non-essential, are temporarily suspended.

Due to this extraordinary circumstance, revenues for the period decreased by 82% from Php2.44 billion to Php428.04 million.

Costs and expenses decreased by Phn666.29 million or 54% for the period due to the decrease in the Company's general and administrative expenses, software licenses fees, payroll related expenses and the effect of deconsolidation following the sale of a subsidiary in February 2020.

PLC recognized Php27.11 million net loss for the six months ended June 20, 2020, 102% down from its net income for the same period in 2019.

Operating EBITDA (proxy for cash flow) for the period is at Php105.28 million, 93% lower than its EBITDA of Php1.43 billion as of June 30, 2019.

PREMIUM LEISURE CORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30		Horizontal Analysis		Vertical Analysis	
	2020	2019	Increase (Decrease)		2020	2019
	(Unaudited)	(Unaudited)	Amount	%	%	%
NET INCOME	(27,108,384)	1,366,475,434	(1,393,583,818)	-102%	-6%	56%
OTHER COMPREHENSIVE INCOME (LOSS)						
Marked-to-market loss on financial assets at fair value through other comprehensive income (FVOCI)	(96,397,418)	3,533,013	(99,930,431)	-2828%	-23%	0%
Remeasurement loss on DBL	6,682,576	-	6,682,576	100%	2%	0%
Share in OCI						
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	P (116,823,226)	P 1,370,008,447	P (1,486,831,672)	-109%	-27%	56%
Total Comprehensive income attr to Parent	(19,331,115)	1,407,476,806	(1,426,807,922)	-101%	-5%	58%
Total Comprehensive income attr to Minority	(97,492,111)	(37,468,359)	(60,023,752)	160%	-23%	-2%
Total	(116,823,226)	1,370,008,447	(1,486,831,672)	-109%	-27%	56%

PLC's comprehensive income (loss) pertains to the unrealized gains (losses) arising from changes in market value of its financial assets at FVOCI. PLC recognized comprehensive loss amounting to Php96.40 million for the six months ending June 30, 2020 as a result of the lower share prices of its financial asset investments. As such, PLC recognized a total comprehensive loss amounting to Php116.82 million (of which, -Php19.33 million is attributable to parent shareholders) as of June 30, 2020.

Aside from what has been mentioned in the foregoing, there were no significant elements that arose from continuing operations, nor were there any seasonal events that had a material effect on the results of operations of PLC during the six months ended June 30, 2020.

PREMIUM LEISURE CORP AND SUBSIDIARIES
Consolidated Statements of Financial Position

	June 30, 2020	December 31, 2019	Horizontal Analysis		Vertical Analysis	
	(Unaudited)	(Audited)	Increase (Decrease)		2020	2019
			Amount	%	%	%
ASSETS						
Current Assets						
Cash and cash equivalents	P 2,087,883,982	3,537,075,479	(1,449,191,496)	-41%	12%	18%
Trade and other receivables	464,970,296	337,535,176	127,435,120	38%	3%	2%
Investment held for trading	72,586,417	140,456,581	(67,870,164)	-48%	0%	1%
Notes receivable	3,705,925,000	3,705,925,000	-	0%	21%	19%
Other assets	4,085,379	309,057,730	(304,972,351)	-99%	0%	2%
Total Current Assets	6,335,451,074	8,030,049,966	(1,694,598,893)	-21%	35%	40%
Noncurrent Assets						
Intangible asset	9,071,890,760	9,191,127,003	(119,236,243)	-1%	50%	46%
Financial assets at fair value through OCI	238,118,614	334,516,031	(96,397,417)	-29%	1%	2%
Investment property	285,510,452	285,510,452	-	0%	2%	1%
Property and equipment	102,019,432	107,432,510	(5,413,078)	-5%	1%	1%
Right of use asset	30,613,189	73,225,966	(42,612,778)	-58%	0%	0%
Goodwill	1,358,298,121	1,358,298,121	0	0%	8%	7%
Other non-current assets	652,661,153	550,762,306	101,898,847	19%	4%	3%
Total Noncurrent Assets	11,739,111,721	11,900,872,389	(161,760,668)	-1%	65%	60%
Total Assets	P 18,074,562,795	P 19,930,922,355	(1,856,359,560)	-9%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables and other current liabilities	P 1,741,074,327	1,618,365,470	122,708,857	8%	10%	8%
Loans payable	74,961,388	150,000,000	(75,038,612)	-50%	0%	1%
Lease liability - ROU current	35,300,827	75,030,683	(39,729,856)	-53%	0%	0%
Income tax payable	6,043	4,274,940	(4,268,897)	-100%	0%	0%
Total current liabilities	1,851,342,585	1,847,671,093	3,671,492	0%	10%	9%
Noncurrent Liability						
Lease liability - ROU non current	11,761,125	16,576,645	(4,815,520)	100%	0%	0%
Retirement liability	44,070,832	48,950,570	(4,879,738)	-10%	0%	0%
Deferred tax liability	6,878,369	-	6,878,369	100%	0%	0%
Total non-current liabilities	62,710,326	65,527,215	(2,816,889)	-4%	0%	0%
Total Liabilities	P 1,914,052,911	P 1,913,198,308	854,603	0%	11%	10%
Equity						
Capital Stock	7,906,827,500	7,906,827,500	-	0%	44%	40%
Additional paid-in capital	7,238,721,924	7,238,721,924	-	0%	40%	36%
Treasury shares	(220,430,080)	(29,430,080)	(191,000,000)	649%	-1%	0%
Cost of parent shares held by a subsidiary	(509,597,055)	(509,597,055)	-	0%	-3%	-3%
Other reserves	(862,364,380)	(788,608,550)	(73,755,830)	-9%	-5%	-4%
Retained earnings (deficit)	2,165,958,315	3,660,924,536	(1,494,966,222)	-41%	12%	18%
Total equity attributable to Parent	15,719,116,224	17,478,838,275	(1,759,722,052)	-10%	87%	88%
Non-controlling interest	441,393,660	538,885,772	(97,492,112)	-18%	2%	3%
Total Equity	16,160,509,884	18,017,724,047	(1,857,214,164)	-10%	89%	90%
Total Liabilities and Equity	P 18,074,562,795	P 19,930,922,355	(1,856,359,560)	-9%	100%	100%

As at June 30, 2020, PLC's total assets amounted to Php18.07 billion, lower by Php1.86 billion (9%) versus total assets as at December 31, 2019. Key movements in balance sheet items are as follows:

Cash and cash equivalents

Cash and cash equivalents include cash in bank and short-term investments or cash equivalents of the Company.

Cash and cash equivalents decreased by 41% (Php1.45 billion) as at June 30, 2020 mainly because of the payment of dividends to shareholders in March 2020. The steady success of the Company in 2019 allowed it to declare and pay around Php1.59 billion in dividends (Php0.05024 per share) during the first quarter of 2020

Trade and other receivables

Trade and other receivables includes trade receivables from PCSO for POSC's equipment rentals and receivables from Melco for City of Dreams Manila's gaming share revenue as well as other receivables. The Company recorded net increase in trade and other receivables by ₱125.19 million.

Investments held for trading

Investments held for trading decreased by 48% mainly due to the mark-to-market losses because of the plunge in investment share prices especially as an effect of the Covid-19 pandemic to the economy and the business sector of the country.

Intangible Asset

The Company's intangible asset pertains to the Philippine Gaming and Amusement Corporation (PAGCOR) gaming license obtained by PLC through its subsidiary, PremiumLeisure and Amusement, Inc. (PLAI). The decrease in the intangible asset account is brought about by the amortization of the license.

Investment Property

As at June 30, 2020 and December 31, 2019, this account pertains to investment property of the Company in Tanauan, Batangas.

Property and equipment

Property and equipment (PPE) of the Company pertains to online lottery equipment, leasehold improvements, office and transportation equipment. There is a minimal decrease of Php5.41 million (5%) in the account compared to balances at December 31, 2019 as the net effect of the Company's additions in PPE for the period, tempered by recognized depreciation.

Goodwill

Goodwill pertains mostly to the goodwill recognized upon acquisition of controlling interest in POSC through the pooling method in 2015.

Total Liabilities

PLC's total liabilities is at Php1.91 billion as at June 30, 2020. There is minimum movement in the account.

Equity

Stockholders' equity declined from Php18.02 billion as at December 31, 2019, to Php16.16 billion as at June 30, 2020. This decrease of Php1.86 billion was mainly brought about by the declaration and payment of dividends to PLC's shareholders during the first quarter of the year.

Below are the comparative key performance indicators of the Company and its subsidiaries:

Ratio	Manner in which the financial ratios are computed	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Current ratio	Current assets divided by current liabilities	3.42	3.94	3.82
Quick ratio	(Current assets less invty - prepayments) / Current liabilities	3.42	3.74	3.63
Solvency ratio	Total assets / total liabilities	9.44	10.34	9.07
Asset to equity	Total assets divided by total equity	1.12	1.11	1.12
Debt to equity	Interest bearing debt divided by total equity	0.00	0.00	0.00
Interest rate coverage	Earnings before interest, tax, depreciation and amortization divided by interest expense	25	522	472
Debt ratio	Total debt / total assets	0.11	0.10	0.11
Return on assets	Net income (loss) divided by average total assets during the period	-0.3%	14.2%	10.7%
Return on equity	Net income (loss) divided by average total equity during the period	-0.3%	15.7%	11.9%

The Company does not foresee any liquidity problems over the next twelve (12) months. The changes in the key performance indicators of the Company are discussed below:

- a) Net income decreased by 102% for the six months ending June 30, 2020, accounting for the decrease in the return on assets and return on equity versus the same period in 2019.
- b) Current and solvency ratios decreased minimally.

As at June 30, 2020, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company for the periods ended June 30, 2020 and December 31, 2019, except those mentioned in the preceding.

PART II - OTHER INFORMATION

Financial Risk Management Objectives and Policies and Capital Management

The Company's principal financial liabilities comprise trade payables and other current liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents and receivables that derive directly from its operations. The Company also holds investments held for trading, notes receivables, financial assets at FVOCI, guarantee bonds and deposits included as part of "Other noncurrent assets" in the consolidated statement of financial position.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, equity price risk and foreign currency risk. The BOD and management review and approve the policies for managing credit, liquidity, equity price and foreign currency risks and they are summarized below:

Credit Risk. Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. Credit risk arises from the Company's financial assets which are composed of cash and cash equivalents, trade receivables and others, financial assets at FVOCI and AFS financial assets.

The Company's credit risk is concentrated on a few companies with which it transacts business. One of which is the PCSO, through its subsidiary, POSC. POSC's trade receivable arises from equipment lease agreement with PCSO, POSC's sole customer. It is part of the Company policy that all the terms specified in the ELA with PCSO are complied with and ensure that payment terms are met. Another major customer is Melco, from whom gaming revenue share is collected. Belle, a major stockholder, also has outstanding loans payable to the Company. The Company keeps close coordination with Melco and Belle and ensures that contract and agreement terms and conditions are met.

With respect to credit risk arising from the other financial assets which are composed of cash and cash equivalents, other receivables, investments held for trading, financial assets at FVOCI, guarantee bonds and deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

High grade financial assets pertain to those receivables from related parties or customers that consistently pay on or before the maturity date while medium grade includes those financial assets being collected on due dates with an effort of collection. The Company assessed its cash in bank and cash equivalents as high grade since this is deposited with reputable banks.

Liquidity Risk. Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial asset.

The Company seeks to manage its liquidity profile to be able to finance its investments and pay its outstanding liabilities. To limit this risk, the Company closely monitors its cash flows and ensures that credit facilities are available to meet its obligations as and when they fall due. To cover its financing requirements, the Company uses internally generated funds as well as a committed line of credit that it can access to meet liquidity needs. The Company maintains sufficient cash to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet the requirements for additional capital expenditures, maturing obligations and cash dividends. Liquidity risk is minimal as at June 30, 2020 and December 31, 2019 as the total current assets can cover the total current liabilities as they fall due.

Equity Price Risk. Equity price risk is the risk that the fair value of quoted investment held for trading and financial assets at FVOCI decrease as the result of changes in the value of individual stocks. The Company's exposure to equity price risk is primarily to the Company's quoted investments held for trading and financial assets at FVOCI. The Company monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

Foreign Currency Risk. The Company, through POSC, has foreign currency exposures. Such exposure arises from cash and cash equivalents and payables to certain suppliers which are denominated in U.S. dollar (US\$). The Company's financial instruments which are denominated in foreign currency include cash and cash equivalents and consultancy and software license fees payable. The Company maintains a US\$ account to match its foreign currency requirements.

Capital Management. The primary objective of the Company's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes in 2020 and 2019.

Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The carrying values of cash and cash equivalents, receivables, deposits and trade payables and other current liabilities (excluding statutory liabilities) approximate their fair values due to the short-term nature of the transactions.

The fair values of investments held for trading and financials assets at FVOCI that are quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date.

Set out below is a comparison by category of carrying values and fair values of all the Company's financial instruments.

	June 30, 2020		December 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Financial Assets				
Cash and cash equivalents	2,087,883,982	2,087,883,982	3,537,075,479	3,537,075,479
Investment held for trading	72,586,417	72,586,417	140,456,581	140,456,581
Notes receivable	3,705,925,000	3,705,925,000	3,705,925,000	3,705,925,000
Trade and other receivables:				
Trade receivables	189,052,001	189,052,001	332,479,558	332,479,558
Nontrade and others	275,918,296	275,918,296	5,055,618	5,055,618
	6,331,365,696	6,331,365,696	7,720,992,236	7,720,992,236
AFS Investment				
Quoted shares	238,037,514	238,037,514	334,434,931	334,434,931
Unquoted shares	81,100	81,100	81,100	81,100
	238,118,614	238,118,614	334,516,031	334,516,031
	6,569,484,310	6,569,484,310	8,055,508,267	8,055,508,267
Loans and Borrowings				
Accrued expenses & other liabilities*	1,735,636,385	1,735,636,385	1,611,644,270	1,611,644,270

*excluding statutory payables amounting to -Php5.4 million and P6.7 million as at June 30, 2020 and December 31, 2019, respectively.

Other Required Disclosures

- A.) The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2019.
- B.) Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
- C.) There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.
- D.) Except as disclosed in the MD&A, there were no other issuance, repurchases and repayments of debt and equity securities.
- E.) There were no material events that occurred subsequent to June 30, 2020 and up to the date of this report that need disclosure herein.
- F.) There were no changes in the composition of the Company during the interim period such as business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, and discontinued operations, aside from the deconsolidation of Lucky Circle Corporation (LCC), a subsidiary of PLC's subsidiary, Pacific Online Systems Corporation (POSC). LCC, which is in the business of distributing, marketing, and selling Lotto, KENO and scratch tickets, was sold effective February 29, 2020.
- G.) There were no changes in contingent liabilities or contingent assets since December 31, 2019, as of June 30, 2020.
- H.) There exist no material contingencies and other material events or transactions affecting the current interim period.

SIGNATURE

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

Issuer: **Premium Leisure Corp**

A handwritten signature in dark ink, appearing to read "A. Raquel Santos", with a long horizontal flourish extending to the right.

Armin Antonio B. Raquel Santos
President
Date: July 30, 2020

PREMIUM LEISURE CORP. AND SUBSIDIARIES
Consolidated Statements of Financial Position

	June 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P 2,087,883,982	P 3,537,075,479
Investment held for trading	72,586,417	140,456,581
Trade and other receivables	464,970,296	337,535,176
Notes receivable	3,705,925,000	3,705,925,000
Contract asset - current	-	40,510,763
Other current assets	4,085,379	268,546,967
Total Current Assets	6,335,451,074	8,030,049,966
Noncurrent Assets		
Intangible asset	9,071,890,760	9,191,127,003
Financial assets at fair value through OCI	238,118,614	334,516,031
Property and equipment	102,019,432	107,432,510
Investment property	285,510,452	285,510,452
Right of use asset - net	30,613,189	73,225,966
Goodwill	1,358,298,121	1,358,298,121
Deferred tax assets	35,698,045	52,824,625
Retirement assets	-	10,311,588
Contract asset - noncurrent	-	89,612,359
Other non-current assets	616,963,108	398,013,734
Total Noncurrent Assets	11,739,111,721	11,900,872,389
Total Assets	P 18,074,562,795	P 19,930,922,355
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities	P 1,741,074,327	P 1,618,365,470
Loans payable	74,961,388	150,000,000
Lease liability - ROU current	35,300,827	75,030,683
Income tax payable	6,043	4,274,940
Total current liabilities	1,851,342,585	1,847,671,093
Noncurrent Liability		
Retirement liability	44,070,832	48,950,570
Deferred tax liability	6,878,369	-
Lease liability - ROU non current	11,761,125	16,576,645
Total non-current liabilities	62,710,326	65,527,215
	P 1,914,052,911	P 1,913,198,308
Equity		
Capital Stock	7,906,827,500	7,906,827,500
Additional paid-in capital	7,238,721,924	7,238,721,924
Treasury shares	(220,430,080)	(29,430,080)
Cost of parent shares held by a subsidiary	(509,597,055)	(509,597,055)
Other reserves	(862,364,380)	(788,608,550)
Retained earnings (deficit)	2,165,958,315	3,660,924,536
Total equity attributable to Parent	15,719,116,224	17,478,838,275
Non-controlling interest	441,393,660	538,885,772
Total Equity	16,160,509,884	18,017,724,047
Total Liabilities and Equity	P 18,074,562,795	P 19,930,922,355

PREMIUM LEISURE CORP. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	Six Months Ended June 30		This quarter	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019
INCOME				
Gaming share revenue	P 247,917,375	1,883,672,506	(197,119,647)	1,158,956,563
Equipment lease rentals	134,004,361	369,046,428	-	169,440,108
Commission and distribution income	46,118,254	189,716,658	14,361	95,520,255
	428,039,990	2,442,435,592	(197,105,286)	1,423,916,926
COST AND EXPENSES				
Salaries and payroll related expenses	96,633,357	184,060,276	34,833,606	92,757,103
Service and consultancy fees	-	1,634,426	-	756,067
Online lottery expenses	4,621,807	26,876,828	59,982	12,335,708
Software and license fees	20,582,546	91,017,845	-	44,390,036
Repairs, maintenance and communication	37,025,739	62,675,797	9,503,813	28,391,892
General and administrative expenses	163,893,950	642,995,128	38,711,962	327,801,228
Amortization of intangible	119,236,242	119,236,242	59,618,121	59,618,121
Depreciation expense	129,277,132	109,068,062	66,932,739	57,496,793
	571,270,773	1,237,564,604	209,660,223	623,546,948
OTHER INCOME (EXPENSES)				
Interest income	119,562,227	138,342,239	62,480,104	68,267,115
Dividend Income	22,674,806	19,998,086	12,320,246	11,998,526
Other income (charges)	(13,064,131)	15,250,918	(10,998,171)	9,450,352
	129,172,902	173,591,243	63,802,179	89,715,993
NET INCOME (LOSS) BEFORE INCOME TAX	(14,057,881)	1,378,462,231	(342,963,330)	890,085,971
PROVISION(BENEFIT FROM) INCOME TAX	13,050,503	11,986,797	8,108,874	8,837,160
NET INCOME(LOSS)	(27,108,384)	1,366,475,434	(351,072,204)	881,248,811
Net income attributable to Parent	54,424,727	1,404,609,090	(283,970,803)	909,549,741
Net income attributable to Minority interest	(81,533,111)	(38,133,656)	(67,101,401)	(28,300,930)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gains (loss) arising from changes in market value of available for sale investments during the year	(96,397,418)	3,533,013	16,725,072	(1,666,508)
Remeasurement loss on DBL	6,682,576	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	P (116,823,226)	1,370,008,447	P (334,347,132)	P 879,582,303
Total Comprehensive income attributable to Parent	(19,331,115)	1,407,476,806	(270,572,215)	908,215,881
Total Comprehensive income attributable to Minority	(97,492,111)	(37,468,359)	(63,774,917)	(28,633,578)
Total	(116,823,226)	1,370,008,447	(334,347,132)	879,582,303
Earnings Per Share (Basic)	P 0.00172	P 0.04445		
Earnings Per Share (Diluted)	P 0.00172	P 0.04445		

PREMIUM LEISURE CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity

Six Months Ended June 30			
		2020	2019
		(Unaudited)	(Unaudited)
CAPITAL STOCK	P0.25 per share		P0.25 per share
Authorized:			
Preferred shares		6,000,000,000 shares	6,000,000,000 shares
Common shares		37,630,000,000 shares	37,630,000,000 shares
Issued:			
Balance at beginning of year	P	11,384,284,906	P 11,384,284,906
Balance at end of period		11,384,284,906	11,384,284,906
Subscribed:			
Balance at beginning of year		(3,477,457,406)	(3,477,457,406)
Balance at end of period		(3,477,457,406)	(3,477,457,406)
Balance at the end of period		7,906,827,500	7,906,827,500
ADDITIONAL PAID-IN CAPITAL (APIC)			
Beginning balance		7,238,721,924	7,238,721,924
Balance at the end of period		7,238,721,924	7,238,721,924
TREASURY SHARES			
Beginning balance		(29,430,080)	(29,430,080)
Additions for the year		(191,000,000)	-
Balance at the end of period		(220,430,080)	(29,430,080)
Other Reserves			
Balance at beginning of year		(788,608,549)	(736,930,415)
Net Unrealized loss on available-for-sale investments		(77,103,811)	2,867,718
Remeasurement gain on Retirement		3,347,980	-
Balance at the end of period		(862,364,380)	(734,062,697)
Cost of Parent Company held by a subsidiary			
Balance at beginning of year		(509,597,055)	(509,597,055)
Balance at the end of period		(509,597,055)	(509,597,055)
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of year		3,660,924,536	2,967,544,420
Declared dividends		(1,549,390,948)	(1,543,349,140)
Net income (loss)		54,424,727	1,404,609,090
Balance at end of period		2,165,958,315	2,828,804,370
NON-CONTROLLING INTEREST		441,393,660	656,225,902
	P	16,160,509,884	P 17,357,489,864

PREMIUM LEISURE CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Six Months Ended June 30	
	2020	2019
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) before income tax	P (14,057,881)	P 1,378,462,231
Adjustments for:		
Unrealized loss (gain) on marketable securities	17,870,164	(8,973,711)
Finance charges	4,995,063	2,747,585
Retirement cost	1,500,000	5,145,530
Loss(gain) on sale of marketable securities	-	-
Loss (gain) on sale of property and equipment	(850)	(39,998)
Loss (gain) on sale of AFS investment	-	-
Foreign exchange (gain) loss	(156,678)	(379,439)
Gain on sale of subsidiary	(9,547,745)	-
Depreciation	129,277,132	109,068,062
Amortization of Intangible	119,236,242	119,236,242
Dividend income	(22,674,806)	(19,998,086)
Interest income	(32,896,379)	(21,825,926)
Income before working capital changes	193,544,262	1,563,442,490
Decrease (Increase) in:		
Receivables and others	(127,435,120)	(388,406,732)
Other current assets	251,411,083	(409,584)
Other noncurrent assets	(278,025,730)	26,768,423
Increase (decrease) in:		
Increase in accrued trade and other payables	82,979,001	238,484,139
Retirement contributions paid	(1,010,356)	(1,500,000)
Income tax paid	1,294,285	(18,402,467)
Net cash provided by operating activities	122,757,426	1,419,976,269
CASH FLOW FROM INVESTING ACTIVITY		
Acquisitions of:		
Property and equipment	(140,964,849)	(17,891,746)
Dividends received	22,674,806	19,998,086
Interest received	32,896,379	21,825,926
Proceeds from sale of:		
Subsidiary	137,413,892	-
Marketable securities	50,000,000	-
Property and equipment	850	39,998
Net cash from investing activities	102,021,078	23,972,264
CASH FLOW FROM FINANCING ACTIVITY		
Increase (Decrease) in obligations under finance lease	-	(8,988,937)
Increase (Decrease) in installment payable	-	(9,205,042)
Increase (Decrease) in lease liability	(44,545,376)	-
Payment of loan	(75,038,612)	-
Interest paid	(4,995,063)	(2,747,585)
Dividends paid	(1,549,390,949)	(1,568,582,629)
Net cash from financing activities	(1,673,970,000)	(1,589,524,193)
NET INCREASE IN CASH	(1,449,191,496)	(145,575,660)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,537,075,479	2,314,012,081
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 2,087,883,982	P 2,168,436,421

PREMIUM LEISURE CORP. AND SUBSIDIARIES
Schedule of Receivables, Advances and Other Assets
June 30, 2020

NAME	AMOUNT
Notes receivables - current	3,705,925,000
Trade receivables - current	189,052,001
Other receivable	275,918,296
Other current assets	4,085,379
Total Receivables and Other Assets	<u>4,174,980,676</u>

**Current means collectible within a period of zero (0) to twelve (12) months*