

Darwin L. Mendoza

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Friday, July 30, 2021 1:18 PM
To: Governance & Corporate Affairs
Subject: RE: Belle Corporation_SEC Form 17-Q_29July2021

Dear Customer,

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.

(Subject to Verification and Review of the Quality of the Attached Document)

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FOR MC28, please email to:

(MC28_S2020@sec.gov.ph <mailto:MC28_S2020@sec.gov.ph>)

For your information and guidance.

Thank you and keep safe.

Darwin L. Mendoza

From: Philippine Stock Exchange <no-reply@pse.com.ph>
Sent: Friday, July 30, 2021 12:05 PM
To: Darwin L. Mendoza
Subject: [Amend-1]Quarterly Report

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: Belle Corporation

Reference Number: 0025704-2021

Date and Time: Friday, July 30, 2021 12:05 PM Template Name: [Amend-1]Quarterly Report Report Number: CR05629-2021

Best Regards,
PSE EDGE

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The Philippine Stock Exchange, Inc., 6th to 10th Floors, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
Jun 30, 2021
2. SEC Identification Number
52412
3. BIR Tax Identification No.
000-156-011
4. Exact name of issuer as specified in its charter
BELLE CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
METRO MANILA, PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
5/F Tower A, Two Ecom Center, Palm Coast Avenue, MOA Complex, Pasay City
Postal Code
1300
8. Issuer's telephone number, including area code
(632) 8662-8888
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC 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 Stock, Php 1.00 par value | 9,763,127,297 |

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

Yes No

If yes, state the name of such stock exchange and the classes 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 SRC 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 that the registrant was required to file such reports)

Yes No

(b) has been subject to such filing requirements for the past ninety (90) days

Yes No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Belle Corporation

BEL

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

| | |
|--|--------------------|
| For the period ended | Jun 30, 2021 |
| Currency (indicate units, if applicable) | PHP (in thousands) |

Balance Sheet

| | Period Ended | | Fiscal Year Ended (Audited) | |
|-------------------------------|--------------|--------------|-----------------------------|--|
| | Jun 30, 2021 | Dec 31, 2020 | | |
| Current Assets | 13,165,795 | 13,108,405 | | |
| Total Assets | 49,221,306 | 49,955,980 | | |
| Current Liabilities | 3,817,734 | 5,133,553 | | |
| Total Liabilities | 18,106,101 | 19,521,863 | | |
| Retained Earnings/(Deficit) | 12,538,336 | 11,580,786 | | |
| Stockholders' Equity | 31,115,205 | 30,434,117 | | |
| Stockholders' Equity - Parent | 28,459,658 | 27,629,970 | | |
| Book Value per Share | 2.92 | 2.81 | | |

Income Statement

| | Current Year (3 Months) | Previous Year (3 Months) | Current Year-To-Date | Previous Year-To-Date |
|-----------------------|-------------------------|--------------------------|----------------------|-----------------------|
| Gross Revenue | 1,240,408 | 583,843 | 2,537,189 | 2,002,463 |
| Gross Expense | 838,169 | 633,423 | 1,696,718 | 1,448,354 |
| Non-Operating Income | 11,322 | 20,758 | 23,863 | 61,327 |
| Non-Operating Expense | 100,124 | 88,145 | 185,343 | 183,209 |

| | | | | |
|--|---------|----------|-----------|---------|
| Income/(Loss) Before Tax | 313,437 | -116,967 | 678,991 | 432,227 |
| Income Tax Expense | 66,129 | 30,176 | -365,743 | 128,237 |
| Net Income/(Loss) After Tax | 247,308 | -147,143 | 1,044,734 | 303,990 |
| Net Income Attributable to Parent Equity Holder | 207,651 | -37,748 | 951,731 | 364,451 |
| Earnings/(Loss) Per Share (Basic) | 0.04 | -0.01 | 0.21 | 0.06 |
| Earnings/(Loss) Per Share (Diluted) | 0.04 | -0.01 | 0.21 | 0.06 |

| | Current Year (Trailing 12 months) | Previous Year (Trailing 12 months) |
|--|--|---|
| Earnings/(Loss) Per Share (Basic) | 0.16 | 0.12 |
| Earnings/(Loss) Per Share (Diluted) | 0.16 | 0.12 |

Other Relevant Information

The amendment to this disclosure is to update the header of statement of changes in equity.

Filed on behalf by:

| | |
|--------------------|-------------------|
| Name | Darwin Mendoza |
| Designation | Assistant Manager |

SEC No. 52412
File No.

BELLE CORPORATION

(Company's Full Name)

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

(Company's Address)

8-662-88-88

(Telephone Numbers)

December 31

(Fiscal Year ending)
(Month and Day)

Form 17Q for the 2nd Quarter of 2021

(Form Type)

N/A

Amendment Designation

N/A

Period Ended Date

N/A

(Secondary License Type and File Number)

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

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **June 30, 2021**
2. Commission Identification Number: **52412** 3. BIR Tax Identification No. **000-156-011**
4. Exact name of registrant as specified in its charter: **BELLE CORPORATION**
5. **Metro Manila, Philippines** 6. (SEC use only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **5/F, Tower A, Two E-Com Center, Palm Coast Avenue,**
Mall of Asia Complex CBP-1A, Pasay City **1300**
Address of registrant's principal office Postal Code
8. **(632) 8-662-8888**
Registrant's telephone number, including area code
9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.
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 Stock Outstanding |
|--------------------------------------|---|
| Common Stock, ₱1.00 par value | 9,763,127,297 |
| | Amount of Debt Outstanding ₱6.5 billion |

11. Are any or all of these securities listed on a Stock Exchange?
Yes [] No []
- If yes, state name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange (PSE) **Common Stock**

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 Section 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 [] No []
- (b) has been subject to such filing requirements for the past 90 days.
Yes [] No []

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

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

- a.) Unaudited Consolidated Statements of Comprehensive Income for the six months ended June 30, 2021 and June 30, 2020;
- b.) Consolidated Statements of Financial Position as at June 30, 2021 (unaudited) and December 31, 2020 (audited);
- c.) Unaudited Consolidated Statements of Changes in Equity for the six months ended June 30, 2021 and June 30, 2020; and
- d.) Unaudited Consolidated Statements of Cash Flows for the six months ended June 30, 2021 and June 30, 2020.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

June 30, 2021 versus June 30, 2020 Results of Operations (in thousands)

| | 6 Months Ended June 2021 | | Horizontal Analysis | | Vertical Analysis | |
|--|--------------------------|--------------------|---------------------|--------------|-------------------|-------------|
| | 2021 | 2020 | Increase (Decrease) | 2021 | 2020 | |
| REVENUE | | | | | | |
| Gaming revenue share | P 805,536 | P 247,917 | 557,619 | 225% | 32% | 12% |
| Lease income - Building | 1,099,455 | 1,236,210 | (136,755) | -11% | 43% | 62% |
| Equipment rental, distribution and commission (POSC) | 205,375 | 180,123 | 25,252 | 14% | 8% | 9% |
| Sale of real estate | 186,301 | 92,543 | 93,758 | 101% | 7% | 5% |
| Lease income | 87,530 | 95,403 | (7,874) | -8% | 3% | 5% |
| Revenue from property management | 101,025 | 92,702 | 8,323 | 9% | 4% | 5% |
| Others | 51,967 | 57,565 | (5,598) | -10% | 2% | 3% |
| TOTAL REVENUES | 2,537,189 | 2,002,463 | 534,726 | 27% | 100% | 100% |
| COST OF GAMING OPERATIONS | (8,503) | (8,534) | 31 | 0% | 0% | 0% |
| COST OF LEASE INCOME | (511,714) | (390,370) | (121,344) | 31% | -20% | -19% |
| COST OF LOTTERY SERVICES | (197,358) | (283,104) | 85,746 | -30% | -8% | -14% |
| COST OF REAL ESTATE SOLD | (130,425) | (44,048) | (86,377) | 196% | -5% | -2% |
| COST OF PROPERTY MANAGEMENT SERVICES | (60,480) | (49,970) | (10,510) | 21% | -2% | -2% |
| GENERAL AND ADMINISTRATIVE EXPENSES | (788,238) | (672,328) | (115,910) | 17% | -31% | -34% |
| TOTAL COSTS AND EXPENSES | (1,696,718) | (1,448,354) | (248,364) | 17% | -67% | -72% |
| INCOME FROM OPERATIONS | 840,471 | 554,109 | 783,090 | 141% | 33% | 28% |
| UNREALIZED GAIN ON FINANCIAL ASSET | | | | | | |
| AT FAIR VALUE THROUGH PROFIT OR LOSS | (6,069) | (17,870) | 11,801 | -66% | 0% | -1% |
| INTEREST EXPENSE AND OTHER FINANCE CHARGES | (179,274) | (165,273) | (14,001) | 8% | -7% | -8% |
| INTEREST INCOME | 11,921 | 35,986 | (24,065) | -67% | 0% | 2% |
| DIVIDEND INCOME | 5,275 | 14,317 | (9,042) | -63% | 0% | 1% |
| NET FOREIGN EXCHANGE LOSS | 31 | (66) | 97 | -147% | 0% | 0% |
| OTHER INCOME (CHARGES) | 6,636 | 11,024 | (4,388) | -40% | 0% | 1% |
| INCOME BEFORE INCOME TAX | 678,991 | 432,227 | 246,764 | 57% | 27% | 22% |
| PROVISION FOR INCOME TAXES | | | | | | |
| Current | 6,516 | 17,339 | 10,823 | 62% | 0% | 1% |
| Deferred | (372,259) | 110,898 | 483,157 | 436% | -15% | 6% |
| | (365,743) | 128,237 | 493,980 | 385% | -14% | 6% |
| NET INCOME | P 1,044,734 | P 303,990 | 740,744 | 244% | 41% | 15% |

Belle Corporation (“Belle” or the “Company”) realized consolidated net income of ₱1,044.7 million for the six months ended June 30, 2021, compared to consolidated net income of ₱304.0 million for the six months ended June 30, 2020. Belle’s significantly improved operating results during the first half of 2021 was achieved in spite of the continuing effects of the Covid-19 pandemic. Consolidated revenues increased by 27%, from ₱2,002.5 million for the first half of 2020 to ₱2,537.2 million for the current period.

The effects of the Covid-19 pandemic began in early 2020 with declining tourist arrivals prior to the implementation of the community quarantines nationwide, and was compounded by the temporary suspension of gaming operations at City of Dreams Manila (“CODM”) on March 16, 2020 in compliance with government initiatives to contain the virus. The share in the gaming revenues at CODM of Belle’s subsidiary Premium Leisure Corporation (“PLC”) increased from ₱247.9 million in 2020 to ₱805.5 million in 2021 as operations at CODM improved during 2021, although still with substantial limitations due to the continuing Covid-19 pandemic.

Pacific Online Systems Corporation (“Pacific Online”), which leases online betting equipment to the Philippine Charity Sweepstakes Office (“PCSO”) for their lottery and keno operations, also experienced improvements during the first half of 2021, even while still operating under limitations. Pacific Online, which is 50.1%-owned by PLC, posted a 14% increase in revenues, from ₱180.1 million for the 2020 period to ₱205.4 million for the current period.

Belle’s real estate operations recorded a 3% decrease in revenues, to ₱1,526.3 million for the first six months of 2021 from ₱1,574.4 million for the first six months of 2020. Of real estate revenues in 2021, ₱1,187.0 million came from Belle’s lease of the land and buildings comprising CODM to Melco Resorts and Entertainment (Philippines) Corporation (“MRP”), which were 11% lower than revenues therefrom of ₱1,331.6 million in 2020. Belle’s real estate sales and property management activities at its Tagaytay Highlands complex contributed revenues of ₱339.3 million for the 2021 period, which were 40% higher than revenues of ₱242.8 million for the 2020 period.

Revenues

Total consolidated revenues of ₱2,537.2 million for the six months ended June 30, 2021 were higher by ₱534.7 million (27%), compared to ₱2,002.5 million for the six months ended June 30, 2020. Revenue from the share of PLC in gaming earnings of CODM increased by ₱557.6 million (225%), from ₱247.9 million for the 2020 period to ₱805.5 million for the current period. Revenues of Pacific Online increased by ₱25.3 million (14%), from ₱180.1 million in the 2020 period to ₱205.4 million in the current period. Revenues from the CODM lease decreased by ₱144.6 million (11%) from ₱1,331.6 million for the 2020 period to ₱1,187.0 million for the current period. Revenues from real estate development and management activities increased by ₱96.5 million (40%), from ₱242.8 million in the 2020 period to ₱339.3 million in the current period.

Cost of Lease Income

Cost of lease income increased by ₱121.3 million (31%) from ₱390.4 million for the 2020 period to ₱511.7 million for the current period due to the higher expenses incurred in relation to the lease.

Cost of Lottery Services

Cost of lottery services at Pacific Online decreased by ₱85.7 million (30%), to ₱197.4 million in the current period from ₱283.1 million in the 2020 period, mainly due to the sale of Pacific Online’s subsidiary and retail arm, Lucky Circle Corporation (“LCC”), in February 2020.

Cost of Real Estate sold

Cost of real estate sold increased by ₱86.4 million (196%) to ₱130.4 million in the current period, from ₱44.0 million in the 2020 period, due to the higher revenue therefrom recognized during the period.

Cost of Property Management Services

Cost of property management services increased by ₱10.5 million (21%), to ₱60.5 million for the current period, from ₱50.0 million for the 2020 period, due to increased consumption of power and water during the first half of 2021.

General and Administrative Expenses

General and administrative expenses increased by ₱115.9 million (17%), to ₱788.2 million for the current period from ₱672.3 million for the 2020 period, due to higher corporate depreciation expenses, documentary stamp taxes and other tax expenses. Excluding corporate depreciation, amortization and taxes, general and administrative expenses would have decreased by ₱16.8 million (5%) from ₱314.1 million during the first half of 2020 to ₱297.3 million during the first half of 2021.

Financial Income (Expense)

Interest expense and other finance charges increased by ₱14.0 million (8%) to ₱179.3 million for the 2021 period, from ₱165.3 million for the 2020 period. The higher interest expense was due to the higher balance of the Company’s outstanding borrowings. As of June 30, 2021, the Company’s total debt stood at ₱6,495.0 million, which was ₱847.8 million (15%) higher compared to ₱5,647.2 million as of June 30,

2020. Interest income decreased by ₱24.1 million (67%), to ₱11.9 million in the current period from ₱36.0 million in the 2020 period, mainly due to lower average yields on investments.

Provision for Income Taxes

The Company's consolidated provision for income taxes decreased by ₱494.0 million (385%) during the first half of 2021, due to a nonrecurring deferred tax adjustment of ₱495.0 million, from ₱128.2 million during the first half of 2020 to a credit of ₱365.7 million during the current period. This resulted from the delayed implementation of the CREATE Bill, which lowered the marginal tax rate from 30% to 25% effective July 2020 (but was only passed in 2021), as well as lower current income taxes by ₱10.8 million (62%), from ₱17.3 million in the 2020 period to ₱6.5 million in the current period.

Net Income

As a result of the foregoing, the Company realized consolidated net income of ₱1,044.7 million for the six months ended June 30, 2021, which was higher by ₱740.7 million (244%) compared to consolidated net income of ₱304.0 million for the six months ended June 30, 2020.

**June 30, 2021 (Unaudited) vs December 31, 2020 (Audited) Statements of Financial Position
(in thousands)**

| | As of June 30 | | As of Dec 31 | | Horizontal Analysis | | Vertical Analysis | |
|--|---------------|-------------------|--------------|-------------------|---------------------|-------------|-------------------|-------------|
| | | 2021 | | 2020 | Inc (Dec) | % | 2021 | 2020 |
| ASSETS | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash and cash equivalents | P | 2,135,961 | P | 2,592,070 | (456,109) | -18% | 4% | 5% |
| Financial assets at fair value through profit or loss (FVTPL) | | 78,192 | | 84,261 | (6,069) | -7% | 0% | 0% |
| Receivables | | 5,223,934 | | 5,034,824 | 189,110 | 4% | 11% | 10% |
| Contract assets | | 269,106 | | 39,903 | 229,203 | 574% | 1% | 0% |
| Real estate for sale | | 434,065 | | 470,609 | (36,544) | -8% | 1% | 1% |
| Land held for future development | | 3,019,609 | | 3,013,950 | 5,659 | 0% | 6% | 6% |
| Other current assets | | 2,004,928 | | 1,872,788 | 132,140 | 7% | 4% | 4% |
| Total Current Assets | | 13,165,795 | | 13,108,405 | 57,390 | 0% | 27% | 26% |
| Noncurrent Assets | | | | | | | | |
| Contract assets - net of noncurrent portion | | 357,002 | | 315,902 | 41,100 | 13% | 1% | 1% |
| Financial assets at fair value through other comprehensive income (FVOCI) | | 4,654,204 | | 4,789,847 | (135,643) | -3% | 9% | 10% |
| Intangible asset | | 4,291,455 | | 4,349,372 | (57,917) | -1% | 9% | 9% |
| Investment properties | | 24,832,016 | | 25,437,299 | (605,283) | -2% | 50% | 51% |
| Goodwill | | 926,008 | | 926,008 | - | 0% | 2% | 2% |
| Property and equipment | | 113,456 | | 143,911 | (30,455) | -21% | 0% | 0% |
| Investments in and advances to associates - net | | 77,931 | | 75,428 | 2,503 | 3% | 0% | 0% |
| Pension asset | | - | | 14,012 | (14,012) | -100% | 0% | 0% |
| Deferred tax asset | | 82,415 | | 82,415 | - | 0% | 0% | 0% |
| Right of Use | | 58,546 | | 71,732 | (13,186) | -18% | 0% | 0% |
| Other noncurrent assets | | 662,478 | | 641,649 | 20,829 | 3% | 1% | 1% |
| Total Noncurrent Assets | | 36,055,511 | | 36,847,575 | (792,064) | -2% | 73% | 74% |
| TOTAL ASSET | P | 49,221,306 | P | 49,955,980 | (734,674) | -1% | 100% | 100% |
| LIABILITIES AND EQUITY | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Trade and other current liabilities | P | 1,920,730 | P | 2,338,806 | (418,076) | -18% | 4% | 5% |
| Loans payable | | 1,595,017 | | 2,525,017 | (930,000) | -37% | 3% | 5% |
| Income tax payable | | 6 | | 6 | - | 0% | 0% | 0% |
| Current portion of: | | | | | | | | |
| Long-term debt | | 15,000 | | 121,111 | (106,111) | -88% | 0% | 0% |
| Lease Liability - current | | 286,981 | | 148,613 | 138,368 | 93% | 1% | 0% |
| Total Current Liabilities | | 3,817,734 | | 5,133,553 | (1,315,819) | -26% | 8% | 10% |
| Noncurrent portion of: | | | | | | | | |
| Long-term debt | | 4,885,000 | | 4,445,556 | 439,444 | 10% | 10% | 9% |
| Lease Liability - noncurrent | | 6,301,435 | | 6,538,881 | (237,446) | -4% | 13% | 13% |
| Pension liability | | 47,808 | | 59,291 | (11,483) | -19% | 0% | 0% |
| Deferred tax liabilities | | 2,596,651 | | 2,968,910 | (372,259) | -13% | 5% | 6% |
| Other noncurrent liability | | 457,473 | | 375,672 | 81,801 | 22% | 1% | 1% |
| Total Noncurrent Liabilities | | 14,288,367 | | 14,388,310 | (99,943) | -1% | 29% | 29% |
| TOTAL LIABILITIES | | 18,106,101 | | 19,521,863 | (1,415,762) | -7% | 37% | 39% |
| Equity | | | | | | | | |
| Attributable to equity holders of parent: | | | | | | | | |
| Common stock | | 10,561,000 | | 10,561,000 | - | 0% | 21% | 21% |
| Additional paid-in capital | | 5,503,731 | | 5,503,731 | - | 0% | 11% | 11% |
| Treasury stock | | (2,476,697) | | (2,476,700) | 3 | 0% | -5% | -5% |
| Equity share in cost of Parent Company shares held by associates | | (2,501) | | (2,501) | - | 0% | 0% | 0% |
| Cost of Parent Company common and preferred shares held by subsidiaries | | (1,464,322) | | (1,464,322) | - | 0% | -3% | -3% |
| Unrealized gain on financial assets at fair value through other comprehensive income | | 488,363 | | 616,228 | (127,865) | -21% | 1% | 1% |
| Other reserves | | 3,059,708 | | 3,059,708 | - | 0% | 6% | 6% |
| Excess of net asset value of an investment over cost | | 252,040 | | 252,040 | - | 0% | 1% | 1% |
| Retained Earnings | | 12,538,336 | | 11,580,786 | 957,550 | 8% | 25% | 23% |
| Total equity attributable to equity holders of the Parent | | 28,459,658 | | 27,629,970 | 829,688 | 3% | 58% | 55% |
| Non-controlling interests | | 2,655,547 | | 2,804,147 | (148,600) | -5% | 5% | 6% |
| TOTAL EQUITY | | 31,115,205 | | 30,434,117 | 681,088 | 2% | 63% | 61% |
| TOTAL LIABILITIES AND EQUITY | P | 49,221,306 | P | 49,955,980 | (734,674) | -1% | 100% | 100% |

ASSETS

Total assets of the Company decreased by ₱734.7 million (1%) to ₱49,221.3 million as of June 30, 2021, from ₱49,956.0 million as of December 31, 2020.

Cash and Cash equivalents

Cash and cash equivalents decreased by ₱456.1 million (18%), to ₱2,136.0 million as of June 30, 2021 from ₱2,592.1 million as of December 31, 2020, due mainly to payment of debt during the period.

Financials Assets at Fair Value through Profit or Loss (“FVTPL”)

The Company’s financial assets at FVTPL decreased by ₱6.1 million (7%), to ₱78.2 million as of June 30, 2021, from ₱84.3 million as of December 31, 2020, due to the decline in market value of listed shares held by Pacific Online.

Receivables and Contract Assets

Receivables and Contract Assets increased by ₱459.4 million (9%) to ₱5,850.0 million as of June 30, 2021 from ₱5,390.6 million as of December 31, 2020. The increase was due to an increase of ₱270.3 million (76%) in the Company’s contract assets, from ₱355.8 million as of December 31, 2020 to ₱626.1 million as of June 30, 2021.

Financials Assets at Fair Value through Other Comprehensive Income (“FVOCI”)

The Company’s FVOCI decreased by ₱135.6 million (3%), to ₱4,654.2 million as of June 30, 2021 from ₱4,789.8 million as of December 31, 2020, due to decreases in market values of its investments. As at June 30, 2021, the Company’s FVOCI consists of investments in SM Prime Holdings, Inc., SM Investments Corporation, and club shares of Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc. and The Spa and Lodge at Tagaytay Highlands, Inc.

Intangible Asset

This pertains to the cost of the License from the Philippine Amusements and Gaming Corporation (“PAGCOR”) to operate integrated resorts which was granted to PLAI. Belle and MRP are Co-Licensees under PLAI’s PAGCOR License. Amortization of intangible asset on the PAGCOR License started on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations granted by PAGCOR. Amortization expense for the six months ended June 30, 2021 amounted to ₱57.9 million.

Investment Properties

This account consists mainly of the carrying value of the CODM land and buildings in PAGCOR Entertainment City in Paranaque. The ₱605.3 million decrease during the first six months of 2021 is due to depreciation expense on the CODM building.

Goodwill

The Company’s goodwill amounted to ₱926.0 million as of both June 30, 2021 and December 31, 2020, as a result of consolidating Pacific Online.

Right-of-Use Assets

Right-of-use assets (or “ROU Assets”) represent a lessee’s right to to operate, hold, or occupy leased property or equipment during the lease term. The ₱13.2 million decrease during the first six months of 2021 is due to the amortization of ROU Assets for this period.

Other Assets

Other assets increased by ₱153.0 million (6%), to ₱2,667.4 million as of June 30, 2021 from ₱2,514.4 million as of December 31, 2020, mainly due to higher prepaid expenses.

LIABILITIES

Total liabilities decreased by ₱1,415.8 million (7%), to ₱18,106.1 million as of June 30, 2021, from ₱19,521.9 million as of December 31, 2020, due mainly to payments of trade and other current liabilities and loans payable, and adjustments in deferred tax liabilities of the Company due to the CREATE Bill.

Trade and Other Current Liabilities

Trade and other current liabilities decreased by ₱418.1 million (18%) to ₱1,920.7 million as of June 30, 2021 from ₱2,338.8 million as of December 31, 2020, due payments to suppliers during the period.

Loans Payable and Long-Term Debt

Total consolidated debt, amounting to ₱6,495.0 million as of June 30, 2021 consists of Peso-denominated borrowings of Belle from various local financial institutions, with an average interest rate of approximately 3.92% per annum during the first half of 2021. The outstanding amount of total debt decreased by ₱596.7 million (8%), from ₱7,091.7 million as of December 31, 2020, due to payments of loans during the period.

EQUITY

The Company's shareholders' equity as of June 30, 2021 of ₱31,115.2 million was higher by ₱681.1 million (2%), compared to its shareholders' equity of ₱30,434.1 million as of December 31, 2020, due to the Company's net income for the six months ended June 30, 2021, offset by the decrease in the market value of its financial assets at FVOCI.

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

| | Manner by which the Company calculates the key performance indicators | 30 June 2021 (unaudited) | 30 June 2020 (unaudited) | 31 December 2020 (audited) |
|------------------------------|---|-------------------------------------|-----------------------------|-------------------------------|
| Asset to equity ratio | Total assets over equity | 1.58 : 1.00 | 1.43 : 1.00 | 1.64: 1.00 |
| Current or Liquidity ratio | Current assets over current liabilities | 3.45 : 1.00 | 1.81 : 1.00 | 2.55: 1.00 |
| Debt-to-equity ratio | Interest-bearing debt over equity | 0.21 : 1.00 | 0.19 : 1.00 | 0.23: 1.00 |
| Net debt-to-equity ratio | Interest-bearing debt less cash and cash equivalents | 0.14 : 1.00 | 0.11 : 1.00 | 0.15: 1.00 |
| Interest rate coverage ratio | EBIT over interest expense | 4.72 : 1.00 | 3.66 : 1.00 | 2.90: 1.00 |
| Return on assets | Annualized net income over average total assets during the period | 4.5% | 1.0% | 1.9% |
| Return on equity | Annualized net income over average equity during the period | 6.83% | 1.4% | 2.9% |

The above performance indicators are calculated as follows:

Current Ratio

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Debt to Equity Ratio

$$\frac{\text{Interest-bearing debt}}{\text{Total Equity}}$$

| | |
|--------------------------|---|
| Asset-to-equity Ratio | $\frac{\text{Total Assets}}{\text{Total Equity}}$ |
| Return on Equity | $\frac{\text{Net Income}}{\text{Average equity during the period}}$ |
| Return on Assets | $\frac{\text{Net Income}}{\text{Average assets during the period}}$ |
| Interest Coverage Ratio | $\frac{\text{Income Before Interest \& Tax}}{\text{Interest Expense}}$ |
| Net debt-to-equity ratio | $\frac{\text{Interest-bearing debt less cash and cash equivalents}}{\text{Total Equity}}$ |

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of June 30, 2021, consolidated total debt of the Company of ₱6,495.0 million was comprised of borrowings from renewable short-term bank lines of ₱1,595.0 million and amortizing term loans from banks of ₱ 4,900.0 million. Belle has real estate projects, lease agreements and investments from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of June 30, 2021, except for what has been noted in the preceding, there were no material events or uncertainties known to management that has a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)

PART II - OTHER INFORMATION

Financial Risk Management Objectives and Policies

The Company's principal financial liabilities are composed of trade and other current liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal assets include cash and cash equivalents, receivables and installment receivables. The Company also holds financial assets at FVTPL, financial assets at FVOCI, deposits, refundable deposits and construction bonds, guarantee deposits, loan payable, long-term debt, lease liability, and obligations under finance lease.

The main risks arising from the Company's financial assets and financial liabilities are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. The Company's BOD and management review and agree on the policies for managing each of these risks and these are summarized below.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial assets and financial liabilities. The Company's exposure to interest rate risk relates primarily to the Company's long-term debt which is subject to cash flow interest rate risk.

The Company's policy is to manage its interest cost by limiting its borrowings and entering only into borrowings at fixed and variable interest rates.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

It is the Company's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Company seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

Equity Price Risk. Equity price risk is the risk that the fair value of quoted investments held for trading and financial assets at FVOCI in listed equities decreases as a result of changes in the value of individual stock. The Company's exposure to equity price risk relates primarily to the Company's investments held for trading. 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.

Credit Risk. Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

In the Company's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Company and retain ownership of the property. The Company has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. The Company's primary target customers are high-income individuals and top corporations in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Trade receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. Receivables from sale of club shares are secured by the shares held by the Company. For other receivables, since the Company trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from the financial assets of the Company, which comprise of cash and cash equivalents, investments held for trading, receivables, finance lease receivables, advances to associates, financial assets at FVOCI, deposits, refundable deposits and construction bonds and guarantee bonds, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

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 another financial asset. The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Company considers obtaining borrowings as the need arises.

Fair Value of Financial Assets and Financial Liabilities

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly; and,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Set out below is a comparison by category and by class of carrying values and fair values of all the Company's financial assets and liabilities:

| | June 30, 2021 | | December 31, 2020 | |
|--|-----------------------|-------------------|--------------------------|-------------------|
| | (Unaudited) | | (Audited) | |
| | <u>Carrying Value</u> | <u>Fair value</u> | <u>Carrying Value</u> | <u>Fair value</u> |
| <i>Financial assets measured at fair value</i> | | | | |
| Through profit or loss | 78,192 | 78,192 | 84,261 | 84,261 |
| Through other comprehensive income | 4,654,204 | 4,654,204 | 4,789,847 | 4,789,847 |
| <i>Financial assets for which fair value is disclosed</i> | 24,832,016 | 42,572,083 | 25,437,299 | 43,609,782 |
| <i>Financial liabilities for which fair value is disclosed</i> | | | | |
| Refundable deposit | 65,919,197 | 44,787,769 | 64,904,390 | 46,901,956 |
| Long term debt | 4,900,000 | 5,151,737 | 4,566,667 | 4,946,284 |
| Lease liability | 6,958,038 | 6,958,038 | 6,696,360 | 7,243,504 |

Fair value is defined as the amount at which the financial assets and financial liabilities 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 other valuation models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities:

Cash and Cash Equivalents, Advances to Associates, Receivables, Loans Payable and Trade and Other Current Liabilities and Installment Payable. The carrying values of these financial assets approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Financial Assets at FVTPL and Financial Assets at FVOCI. The fair values of Financials Assets at FVTPL and financial assets at FVOCI in quoted equity shares are based on quoted prices in the PSE or those share whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares, and there are no reliable sources of their fair values, therefore, these are carried at cost net of any impairment loss.

Long-term Debt. The fair value of long-term loans payable is determined by discounting the obligations' expected future cash flows using prevailing interest rates as at reporting dates.

Lease Liabilities. The fair value is based on the discounted value of expected future cash flows using the applicable interest rate for similar types of instruments.

Determination of Fair Value and Fair Value Hierarchy

The Company has Investments held at FVTPL and at FVOCI in quoted equity securities recorded at Level 1 fair value. These are the only financial assets and financial liabilities carried at fair value.

Other Required Disclosures

- A.) The attached interim financial reports were prepared in compliance with Philippine Financial Reporting Standards (PFRS). 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, 2020.

The Company continues to assess the impact of the above new, amended and improved accountings standards effective subsequent to December 31, 2020 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the Company's consolidated financial statements when these amendments are adopted.

- B.) Impact of Covid-19 to Belle's business and operations.

The Covid-19 continues to impact on the Company's business units, especially on the gaming-related businesses due to the limited capacity and temporary business suspensions imposed by the appropriate regulatory bodies in line with the country's efforts to contain the spread of the pandemic.

- 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 issuances, repurchases and repayments of debt and equity securities.
- E.) There were no material events subsequent to June 30, 2021 up to the date of this report that needs disclosure herein.
- F.) There were no changes in contingent liabilities or contingent assets since June 30, 2021.
- G.) There exist no material contingencies affecting the current interim period.

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.

Issuer: **BELLE CORPORATION**



WILLY N. OCIER
Chairman
Date: July 29, 2021



MANUEL A. GANA
President and Chief Executive Officer
Date: July 29, 2021



JACKSON T. ONGSIP
Executive Vice President and
Chief Financial Officer
Date: July 29, 2021

BELLE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

| | Unaudited As of June 30 2021 | Audited As of Dec 31 2020 |
|--|------------------------------------|---------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | P 2,135,961 | P 2,592,070 |
| Financial assets at fair value through profit or loss (FVTPL) | 78,192 | 84,261 |
| Receivables | 5,223,934 | 5,034,824 |
| Contract assets | 269,106 | 39,903 |
| Real estate for sale | 434,065 | 470,609 |
| Land held for future development | 3,019,609 | 3,013,950 |
| Other current assets | 2,004,928 | 1,872,788 |
| Total Current Assets | 13,165,795 | 13,108,405 |
| Noncurrent Assets | | |
| Contract assets - net of noncurrent portion | 357,002 | 315,902 |
| Financial assets at fair value through other comprehensive income (FVOCI) | 4,654,204 | 4,789,847 |
| Intangible asset | 4,291,455 | 4,349,372 |
| Investment properties | 24,832,016 | 25,437,299 |
| Goodwill | 926,008 | 926,008 |
| Property and equipment | 113,456 | 143,911 |
| Investments in and advances to associates - net | 77,931 | 75,428 |
| Pension asset | - | 14,012 |
| Deferred tax asset | 82,415 | 82,415 |
| Right of Use | 58,546 | 71,732 |
| Other noncurrent assets | 662,478 | 641,649 |
| Total Noncurrent Assets | 36,055,511 | 36,847,575 |
| TOTAL ASSET | P 49,221,306 | P 49,955,980 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Trade and other current liabilities | P 1,920,730 | P 2,338,806 |
| Loans payable | 1,595,017 | 2,525,017 |
| Income tax payable | 6 | 6 |
| Current portion of: | | |
| Long-term debt | 15,000 | 121,111 |
| Lease Liability - current | 286,981 | 148,613 |
| Total Current Liabilities | 3,817,734 | 5,133,553 |
| Noncurrent portion of: | | |
| Long-term debt | 4,885,000 | 4,445,556 |
| Lease Liability - noncurrent | 6,301,435 | 6,538,881 |
| Pension liability | 47,808 | 59,291 |
| Deferred tax liabilities | 2,596,651 | 2,968,910 |
| Other noncurrent liability | 457,473 | 375,672 |
| Total Noncurrent Liabilities | 14,288,367 | 14,388,310 |
| TOTAL LIABILITIES | 18,106,101 | 19,521,863 |
| Equity | | |
| Attributable to equity holders of parent: | | |
| Common stock | 10,561,000 | 10,561,000 |
| Additional paid-in capital | 5,503,731 | 5,503,731 |
| Treasury stock | (2,476,697) | (2,476,700) |
| Equity share in cost of Parent Company shares held by associates | (2,501) | (2,501) |
| Cost of Parent Company common and preferred shares held by subsidiaries | (1,464,322) | (1,464,322) |
| Unrealized gain on financial assets at fair value through other comprehensive income | 488,363 | 616,228 |
| Other reserves | 3,059,708 | 3,059,708 |
| Excess of net asset value of an investment over cost | 252,040 | 252,040 |
| Retained Earnings | 12,538,336 | 11,580,786 |
| Total equity attributable to equity holders of the Parent | 28,459,658 | 27,629,970 |
| Non-controlling interests | 2,655,547 | 2,804,147 |
| TOTAL EQUITY | 31,115,205 | 30,434,117 |
| TOTAL LIABILITIES AND EQUITY | P 49,221,306 | P 49,955,980 |

BELLE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS COMPREHENSIVE INCOME
(Amounts in Thousands)

| | For the 6 months ended June 2021 | | 2nd Quarter | |
|--|----------------------------------|--------------------|-------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| REVENUE | | | | |
| Gaming revenue share | P 805,536 | P 247,917 | P 374,485 | P (197,120) |
| Lease income - Building | 1,099,455 | 1,236,210 | 549,798 | 618,105 |
| Equipment rental and instant scratch ticket sales (POSC) | 205,375 | 180,123 | 82,559 | 15 |
| Sale of real estate | 186,301 | 92,543 | 111,705 | 42,046 |
| Revenue from property management | 101,025 | 92,702 | 55,311 | 49,321 |
| Lease income | 87,530 | 95,403 | 43,695 | 47,702 |
| Others | 51,967 | 57,565 | 22,855 | 23,775 |
| TOTAL REVENUES | 2,537,189 | 2,002,463 | 1,240,408 | 583,843 |
| COST OF GAMING OPERATIONS | (8,503) | (8,534) | (4,271) | (4,266) |
| COST OF LEASE INCOME | (511,714) | (390,370) | (254,181) | (195,185) |
| COST OF LOTTERY SERVICES | (197,358) | (283,104) | (89,733) | (108,209) |
| COST OF REAL ESTATE SOLD | (130,425) | (44,048) | (75,889) | (17,846) |
| COST OF PROPERTY MANAGEMENT SERVICES | (60,480) | (49,970) | (24,977) | (21,278) |
| GENERAL AND ADMINISTRATIVE EXPENSES | (788,238) | (672,328) | (389,118) | (286,639) |
| TOTAL COSTS AND EXPENSES | (1,696,718) | (1,448,354) | (838,169) | (633,423) |
| INCOME FROM OPERATIONS | 840,471 | 554,109 | 402,239 | (49,580) |
| UNREALIZED GAIN ON FINANCIAL ASSET | | | | |
| AT FAIR VALUE THROUGH PROFIT OR LOSS | (6,069) | (17,870) | (2,487) | (3,645) |
| INTEREST EXPENSE AND OTHER FINANCE CHARGES | (179,274) | (165,273) | (97,637) | (79,916) |
| INTEREST INCOME | 11,921 | 35,986 | 5,472 | 16,796 |
| DIVIDEND INCOME | 5,275 | 14,317 | 5,275 | 3,962 |
| NET FOREIGN EXCHANGE LOSS | 31 | (66) | 31 | (74) |
| OTHER INCOME (CHARGES) | 6,636 | 11,024 | 544 | (4,510) |
| INCOME BEFORE INCOME TAX | 678,991 | 432,227 | 313,437 | (116,967) |
| PROVISION FOR INCOME TAXES | | | | |
| Current | 6,516 | 17,339 | (528) | (77,713) |
| Deferred | (372,259) | 110,898 | 66,657 | 107,889 |
| | (365,743) | 128,237 | 66,129 | 30,176 |
| NET INCOME | P 1,044,734 | P 303,990 | P 247,308 | P (147,143) |
| OTHER COMPREHENSIVE INCOME | | | | |
| Unrealized gain on available for sale financial assets - net | (121,804) | (271,232) | (354,838) | 63,773 |
| Pension | - | (11,036) | 10,537 | - |
| | (121,804) | (282,268) | (344,301) | 63,773 |
| TOTAL COMPREHENSIVE INCOME | P 922,930 | P 21,722 | P (96,993) | P (83,370) |
| Net profit attributable to: | | | | |
| Equity holders of the parent | P 951,731 | P 364,451 | P 207,651 | P (37,748) |
| Non-Controlling Interests | 93,003 | (60,461) | 39,657 | (109,395) |
| | P 1,044,734 | P 303,990 | P 247,308 | P (147,143) |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the parent | P 829,685 | P (350,345) | P 364,830 | P 177,830 |
| Non-Controlling Interests | 93,245 | 372,067 | (461,823) | (261,200) |
| | P 922,930 | P 21,722 | P (96,993) | P (83,370) |
| Basic Earnings Per Share | P 0.21 | P 0.06 | P 0.04 | P (0.01) |

BELLE CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | For the 6 months ended June 2021 | |
|---|----------------------------------|--------------|
| | 2021 | 2020 |
| Paid up capital | | |
| Common Stock | <i>(Amounts in Thousands)</i> | |
| Balance at beginning and end of period | P 10,561,000 | P 10,561,000 |
| Additional Paid In Capital | | |
| Balance at beginning and end of period | 5,503,731 | 5,503,731 |
| Treasury shares | | |
| Balance at beginning and end of period | (2,476,697) | (2,476,700) |
| | 13,588,034 | 13,588,031 |
| Retained Earnings | | |
| Unappropriated | | |
| Balance at beginning of year | 11,580,786 | 11,707,576 |
| Net income | 951,731 | 575,742 |
| Changes in value of AFS | 5,895 | - |
| Dividends declared | - | (1,151,577) |
| Balance at end of period | 12,538,412 | 11,131,741 |
| Equity share in Cost of Parent Company Shares Held by Associates | | |
| Balance at beginning and end of period | (2,501) | (2,501) |
| Cost of Parent Company Common Shares Held by Subsidiaries | | |
| Balance at beginning and end of period | (1,464,322) | (1,493,752) |
| Excess of Acquisition Cost over Net Assets of Acquired Subsidiaries | | |
| Balance at beginning and end of period | 252,040 | 252,040 |
| Other Reserves | | |
| Unrealized Gain on Financial Assets at Fair Value Through OCI - net | | |
| Balance at beginning of year | 616,228 | 1,386,615 |
| Adjustments | (127,941) | (634,386) |
| Balance at end of period | 488,287 | 752,229 |
| Share in Unrealized Gain on Financial Assets at Fair Value Through OCI of Associates | | |
| Balance at beginning and end of period | 14,061 | 14,061 |
| Remeasurement of Pension Income (Expense) | | |
| Balance at beginning and end of period | 1,519 | (10,360) |
| Transactions with Noncontrolling Interests | | |
| Balance at beginning and end of period | 3,044,128 | 2,992,415 |
| Non-controlling Interests | | |
| Balance at beginning of year | 2,804,147 | 3,430,612 |
| Net income | 93,005 | (60,461) |
| Acquisition of shares | - | (191,000) |
| Other comprehensive income | 242 | 3,388 |
| Dividends declared | (241,847) | (297,939) |
| Balance at end of period | 2,655,547 | 2,884,600 |
| | P 31,115,205 | P 30,108,504 |

BELLE CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

| | For the Six-Month Period Ended June 30 | |
|--|---|--------------------|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | ₱678,991 | ₱432,227 |
| Adjustments for: | | |
| Depreciation and amortization | 497,864 | 485,410 |
| Interest expense | 179,274 | 165,273 |
| Interest income | (11,921) | (35,986) |
| Amortization of discount on trade receivables | (33,884) | (35,079) |
| Unrealized mark-to-market gain on financial asset at FVTPL | 6,069 | 17,870 |
| Dividend income | (5,275) | (14,317) |
| Pension cost | 2,529 | 15,598 |
| Unrealized forex loss | (31) | 66 |
| Working capital adjustments: | | |
| Decrease (increase) in: | | |
| Receivables | (425,529) | (474,601) |
| Real estate for sale | 30,885 | (42,147) |
| Other assets | (161,986) | (69,905) |
| Increase (decrease) in trade and other current liabilities | (183,860) | 220,998 |
| Net cash generated from operations | 573,126 | 665,407 |
| Interest received | 11,921 | 35,986 |
| Net cash provided by (used in) operating activities | 585,047 | 701,393 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisitions of property and equipment | (42,516) | (157,912) |
| Proceeds from sale of financial asset at FVTPL | - | 50,001 |
| Dividends received | 5,275 | 14,317 |
| Proceeds from disposal of financial asset at FVOCI | 13,839 | 10,534 |
| Net cash used in investing activities | (23,402) | (83,060) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments (proceeds) of: | | |
| Long-term debt and loans payable | (596,667) | (813,928) |
| Interest | (179,274) | (165,273) |
| Dividends paid | (241,847) | (971,497) |
| Acquisition of treasury shares of subsidiaries | - | (191,000) |
| Assignment of treasury shares | 3 | - |
| Net cash used in financing activities | (1,017,785) | (2,141,698) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT | | |
| | 31 | (66) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (456,109) | (1,523,431) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 2,592,070 | 4,104,674 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | ₱2,135,961 | ₱2,581,243 |

Belle Corporation and Subsidiaries
Aging of receivables
June 30, 2021

| Project | Gross Current (a) | Gross Noncurrent (b) | Grand Total |
|---|--------------------------|-----------------------------|-------------------------|
| Real Estate: | | | |
| Alta Mira | 27,850.26 | 9,422,538.56 | 9,450,388.82 |
| The Country Club at Tagaytay Highlanc | - | 563,333.35 | 563,333.35 |
| Cotswold | (335,586.69) | 9,542,885.82 | 9,207,299.13 |
| Fairfield | 2,820,254.77 | 43,366,088.19 | 46,186,342.96 |
| Katsura | (4,726,014.27) | 65,348,378.32 | 60,622,364.05 |
| Kew Gardens | 239,171.73 | 1,202,029.79 | 1,441,201.52 |
| Nob hill | (9,872,049.76) | 198,934,964.41 | 189,062,914.65 |
| The Parks | 5,236,206.61 | 27,060,979.92 | 32,297,186.53 |
| Lakeview Heights | - | 6,992,533.73 | 6,992,533.73 |
| Pincrest | - | 10,911,057.82 | 10,911,057.82 |
| Sycamore | 58,672,252.54 | 603,191,270.87 | 661,863,523.40 |
| Terrazzas De Alava | (1,346,774.69) | 13,392,212.97 | 12,045,438.28 |
| Tivoli Place | 3,109,955.84 | 8,042,998.37 | 11,152,954.21 |
| Tagaytay Midlands Golf Club, Inc. | - | 9,269,695.65 | 9,269,695.65 |
| The Verandas | (1,230,884.73) | 16,051,994.11 | 14,821,109.38 |
| Yume | (29,393,892.36) | 39,211,826.17 | 9,817,933.81 |
| Lease (straight-line accounting) | 4,289,168,465.05 | - | 4,289,168,465.05 |
| Equipment rental and scratch ticket sales | 104,468,710.00 | - | 104,468,710.00 |
| Gaming income share | 130,198,595.00 | - | 130,198,595.00 |
| Other nontrade receivable | 240,500,870.57 | - | 240,500,870.57 |
| Grand Total | 4,787,537,129.86 | 1,062,504,788.05 | 5,850,041,917.91 |

(a) Collectible within 1 year

(b) Collectible for more than 1 year

Segment Information

The primary segment reporting format is presented based on business segments in which the Company's risks and rates of return are affected predominantly by differences in the products and services provided. Thus, the operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Company is primarily in the businesses of real estate development, property management and gaming and gaming-related activities. Others pertain to investment companies which are mostly dormant.

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, finance lease receivables, real estate for sale, land held for future development, investment properties, property and equipment and right of use assets net of accumulated depreciation and impairment. Segment liabilities include all operating liabilities and consist principally of accounts payable and other liabilities. Segment assets and liabilities do not include deferred income taxes, investments and advances and borrowings.

Segment revenue, segment expenses and segment performance include transfers among business segments. The transfers, if any, are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in consolidation.

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring assets and liabilities and profit or loss in the unaudited interim condensed consolidated financial statements, which are in accordance with PFRS.

Financial information about the Company's business segments are shown below:

| | June 30, 2021 (Unaudited) | | | | |
|---|--|---|---------------|--------------------------------------|---------------------|
| | Real Estate Development and Property Management | Gaming and Gaming Related Activities | Others | Eliminations/ Adjustments | Consolidated |
| | <i>(In Thousands)</i> | | | | |
| Earnings Information | | | | | |
| Revenue | ₱1,553,278 | ₱1,067,782 | ₱- | (₱83,871) | ₱2,537,189 |
| Costs and expenses | (1,280,913) | (501,220) | (3,129) | 88,544 | (1,696,718) |
| Interest expense | (235,725) | (420) | - | 56,871 | (179,274) |
| Interest income | 1,068 | 10,852 | 1 | - | 11,921 |
| Other income (loss) | 1,021,558 | (810) | - | (₱1,014,875) | 5,873 |
| Provision for income tax | (371,682) | 5,939 | - | - | (365,743) |
| Net profit for the year | 1,430,948 | 570,245 | (3,128) | (953,331) | 1,044,734 |
| Net profit attributable to equity holders of the parent | 1,430,948 | 591,841 | (3,128) | (1,067,930) | 951,731 |
| | June 30, 2020 (Unaudited) | | | | |
| | <i>(In Thousands)</i> | | | | |
| Earnings Information | | | | | |
| Revenue | ₱1,578,748 | ₱537,381 | ₱- | (₱113,666) | ₱2,002,463 |
| Costs and expenses | (965,403) | (571,271) | (224) | 88,544 | (1,448,354) |
| Interest expense | (246,944) | (4,995) | - | 86,666 | (165,273) |
| Interest income | 3,085 | 32,896 | 5 | - | 35,986 |
| Other income (loss) | 1,264,019 | 14,606 | 230 | (1,271,450) | 7,405 |
| Provision for income tax | 115,186 | 13,051 | - | - | 128,237 |
| Net profit for the year | 1,518,319 | (4,434) | 11 | (1,209,906) | 303,990 |
| Net profit attributable to equity holders of the parent | 1,518,319 | 54,425 | 11 | (1,208,304) | 364,451 |

The following illustrate the reconciliations of reportable segment revenues and net profit to the Company's corresponding amounts:

| | June 30, 2021 (Unaudited) | June 30, 2020 (Unaudited) |
|---------------------------------------|--|------------------------------|
| | <i>(in thousands)</i> | |
| Revenues | | |
| Total revenue for reportable segments | ₱2,621,060 | ₱2,116,129 |
| Elimination for intercompany revenue | (83,871) | (113,666) |
| Total consolidated revenues | ₱2,537,189 | ₱2,002,463 |
| Net Profit for the Year | | |
| Total profit for reportable segments | ₱1,998,065 | ₱1,513,896 |
| Elimination for intercompany profits | (953,331) | (1,209,906) |
| Consolidated net profit | ₱1,044,734 | ₱303,990 |

The Parent Company's Executive Committee, the chief operating decision maker of the Company, monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the unaudited interim condensed consolidated financial statements. However, financing (including interest expense and interest income) and income taxes are managed as a whole and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Disclosure of the geographical information regarding the Company's revenues from external customers and total assets have not been provided since all of the Company's consolidated revenues are derived from operations within the Philippines.