COVER SHEET

0	0	1	-	3	1	7	4				

SEC Registration Number

LEISURE & RESORTS WORLD
CORPORATION & SUBSIDIARIES

(Company's Full Name)

26th Floor, West Tower, PSE Center
Exchange Road Ortigas Center
Pasig City

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

Mr. Geoffrey L. Uymatiao
(Contract Person)

687-0370
(Company Telephone Number)

1 2 *Month* **3 1** *Day*
(Fiscal Year)

20-IS
(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [/] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its Charter: LEISURE & RESORTS WORLD CORPORATION

3. Province, country or other jurisdiction of incorporation or organization: MAKATI CITY, PHILIPPINES

4. SEC Identification Number: 13174

5. BIR Tax Identification Code: 000-108-278-000

6. Address of Principal Office: 26F, West Tower, PSE Center, Exchange Road, Ortigas, Pasig City, 1605

7. Registrant's telephone number, including area code: (632) 687-03-70

8. Date, time and place of the meeting of security holders:

Date	-	30 July 2010
Time	-	2:00 p.m.
Place	-	Astoria Plaza, Escriva Drive, Ortigas, Pasig City

9. Approximate date on which the Information Statement is first to be sent or given to security holders: 11 July 2010

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants)

Title of Each Class	Number of Shares of Common Stock Outstanding and amount of Debt Outstanding
Common Stock	849,877,094/ Not applicable (includes 20,380,500 shares acquired by AB Leisure Exponent, Inc., a wholly-owned subsidiary of the registrant)

11. Are any of the registrant's securities listed in the Philippine Stock Exchange?

   ___/___ Yes ______ No

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

   PHILIPPINE STOCK EXCHANGE, Common shares

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders of Leisure & Resorts World Corporation (the "Corporation") will be held on 30 July 2010 at 2:00 p.m., Astoria Plaza, Escriva Drive, Ortigas, Pasig City. Registration will start at 1:00 p.m. The agenda of the meeting will be as follows:

1. Call to Order
2. Proof of Notice
3. Determination of Quorum
4. Approval of Previous Minutes-Annual Meeting dated July 31, 2009
5. Management Report
6 Approval of Annual Report and Audited Financial Statement for the fiscal year 2009 and Ratification of actions taken by the Board of Directors and Officers since the last annual meeting dated July 31, 2009
7. Nomination and Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

For the purpose of the meeting, only stockholders of record at the close of business on 30 June 2010 will be entitled to vote thereat.

Stockholders who cannot attend the meeting in person may designate their authorized representative by submitting a Proxy instrument in accordance with Sec. 58 of the Corporation Code. Validation of the proxies shall be held on 23 July 2009 at the office of the Corporation's transfer agent, Stock Transfer Services, Inc., Unit 34-D Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

To facilitate your registration of attendance, please have available some form of identification such as company I.D., passport or driver's license.

Thank you.

Pasig City. 11 June 2010.

FOR THE BOARD

BIENVENIDO M. SANTIAGO
Corporate Secretary

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

(a)

Date	-	30 July 2010
Time	-	2:00 p.m.
Place	-	Astoria Plaza, Escriva Drive, Ortigas, Pasig City
Principal Office	-	26F West Tower, PSE Center, Exchange Road, Ortigas, Pasig City

(b) Approximate date on which the Information Statement is first to be sent or given to security holders: 11 July 2010

Item 2. Dissenter's Right of Appraisal: The appraisal right is generally available in the instances stated in Section 81 of the Corporation Code as follows:

(1) In any case amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence.

(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;

(3) In case of merger or consolidation.

In the foregoing instances, any stockholder of the registrant may exercise his right of appraisal right in the manner provided below:

(a) A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.

(b) The dissenting stockholder shall make a written demand on the registrant for payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken. The failure of the stockholder to make the demand within such period shall be deemed a waiver of the appraisal right.

(c) If the proposed corporate action is implemented or effected, the registrant shall pay to such dissenting stockholder upon surrender of the certificate(s) of stock representing his shares within ten (10) days after demand thereof, provided the registrant has unrestricted retained earnings; and

(d) Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the registrant.

. In the present meeting, there are no matters to be acted upon which may give rise to any stockholder's exercise of his right of appraisal.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon: There are no matters to be acted upon which a director, or officer of the registrant, each nominee for election as a director or each associate of any of the foregoing persons, have any substantial interest, direct or indirect, by security holdings or otherwise.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders thereof

(a) Number of Shares Outstanding and entitled to be voted at the meeting: 830,994,094 common stock (as of June 15, 2010), net of 18,883,000 shares acquired by AB Leisure Exponent, Inc., a wholly-owned subsidiary of the registrant.

Number of votes to which each share is entitled: One (1) vote per share

(b) All stockholders of record as of 30June 2010 are entitled to notice and to vote at the Annual Stockholders' Meeting.

(c) Manner of Voting: Each stockholder of record as of 30 June 2010 shall have the right to vote in person or by proxy the number of shares of stock held in his name. In the election of directors, each stockholder entitled to vote, may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit.

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

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

Title of Class (As of March 31, 2010)	**Name and address of Record Owner and Relationship with Issuer**	**Name of Beneficial Owner and Relationship with Record Holder**	**Citizenship**	**No. of Shares Held**	**Percent-age Held**
Common	PCD Nominee Corp. (Filipino) 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City *Stockholder*	*	Filipino	® 346,823,064	40.81%
Common	PCD Nominee Corp. (Non-Filipino) 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City *Stockholder*	*	Filipino	® 153,057,120	18.01%
Common	Zoraymee Holdings, Inc. 21/F Wynsum Corporate Plaza, Emerald Avenue, Ortigas Center, Pasig City *Stockholder*	Record Holder same as Beneficial Owner	Filipino	® 134,709,215	15.85%
Common	Alfredo Abelardo Benitez 26/F West Tower, PSE Center, Ortigas Center, Pasig City Director of Issuer	Record Holder same as Beneficial Owner	Filipino	® 75,151,999	8.84%
Common	Paul Luis Alejandrino 26/F West Tower, PSE Center, Ortigas Center, Pasig City *Stockholder*	Record Holder same as Beneficial Owner	Filipino	® 63,496,529	7.47%

** The Hongkong and Shanghai Banking Corporation, LTD, a beneficial owner under PCD Nominee Corporation holds 89,810,200 shares representing10.57%. Other beneficial owners under PCD that holds more than 5% shares are Lucky Securities, Inc., which holds 48,915,333 shares or 5.76%, RCBC Securities, which holds 50,815,600 shares or 5.98%, and Citisecurities, which holds 47,154,616 shares or 5.55%. Each of these beneficial owners will be asked to appoint and authorize a representative who will vote in behalf of the corporation.*

Except for the above mentioned *beneficial owners, none of the common shares registered under the name of PCD Nominee Corporation owns more than 5% of the Company's common stock. PCD Nominee Corporation is a wholly owned subsidiary of the Philippine Central Depository and is the registered owner of the shares in the books of the Stock Transfer Service, Inc., the transfer agent of the registrant, and holds the shares in behalf of the beneficial owners.

Mr. Alfredo Abelardo Benitez, one of the directors of the registrant owns 75.5% of the total issued and outstanding capital stock of Zoraymee Holdings, Inc. He has been authorized to exercise voting power over the shares of Zoraymee Holdings, Inc.

(2) Security Ownership of Management (other than as Nominees)

Title of Class (As of March 31, 2010)	**Name and address of Beneficial Owner**	**Amount and nature of beneficial ownership**	**Citizenship**	**Percentage of Ownership**

Common	Alfredo Abelardo Benitez 26/F West Tower, PSE Center, Ortigas Center, Pasig City	75,152,001 (direct) 33,088,393 (indirect)	Filipino	12.74%
Common	Willy N. Ocier 32 Wilson Street, Greenhills, San Juan	1,771,000 (direct)	Filipino	0.21%
Common	Geoffrey L. Uymatiao 12/F Equitable Bank Tower 8751 Paseo de Roxas, Makati City	1,101 (direct) 844,800 (indirect)	Filipino	0.10%
Common	Chi Kan Tang 43/F Yuchengco Tower, RCBC Plaza, Ayala Ave. corner G. Puyat Ave., Makati City	1,100 (direct)	Chinese (Hongkong)	nil
Common	All Other Directors and Officers as a group	14 (direct)	Filipino	nil

Aggregate ownership of all directors and officers as a group unnamed: 110,858,409

(3) Voting Trust Holders of 5% or More

No person holds more than five percent (5%) of a class under voting trust or similar arrangement.

(4) Change in Control

There are no arrangements, which may result in a change in control of the registrant. The following former shareholders of AB Leisure Exponent, Inc., as a group, own 39.32% of the registrant, namely:

1. Alfredo Abelardo B. Benitez
2. Zoraymee Holdings, Inc.
3. Paul Luis Alejandrino
4. Dominique L. Benitez
5. Henry T. Sy, Jr.

Item 5. Directors and Executive Officers

(a) Legal Proceedings

The registrant has no knowledge of any material pending legal proceedings in any court of administrative agency of the Government to which any of the directors and executive officers of the registrant is a party.

b) Directors and Executive Officers

1. Directors and Executive Officers

Name	Age	Directorships in Other Companies	Citizenship	Business Experience For the Past Five Years
Reynaldo P. Bantug* *(Director, April 19, 2002 to present)*	60	AB Leisure Exponent, Inc. *(Independent Director)* BAPA Realty Development Corp. *(Director)* BAPA Holdings & Management *(Director)*	*Filipino*	Bacolod Real Estate Development *(Vice Chairman)* BAPA Realty Development Corp. BAPA Holdings & Management *(President)*

Alfredo Abelardo B. Benitez *(Director, Dec. 8, 1999 to present)*	43	AB Leisure Exponent, Inc. Manila Building Loan Association Mango Orchard Resource Development Corporation Sinophil Corporation Zoraymee Holdings, Inc. Pacific Online Systems, Inc. Binondo Leisure Resources, Inc. AB Gaming & Leisure Specialist, Inc. AB Holdings, Inc. First Cagayan Leisure & Resorts, Inc. Babies on the Go	*Filipino*	AB Leisure Exponent, Inc. *(Chairman and President)* Zoraymee Holdings, Inc. *(Chairman)* Pacific Online Systems, Inc. *(President)* Sinophil Corporation *(Chairman and President)* J-Alfra Development Corp. Metro Manila Turf Corp., Inc.
Jose Conrado Benitez *(Director, December 8, 1999 to present)*	66	Benitez Investments, Inc. The Philippine Women's University	*Filipino*	J-Afra Development Corp. Zoomark RPC, Inc. *(Chairman)* Mango Orchard Resource Development Corp. Manila Building Loan Asociation Gaialand & Property Holdings Corporation International Mineral Water Resources, Inc. Humanitarian Sciences Foundation Nirvana & Samsara Development, Inc. *(President)*
Renato G. Nuñez *(Director, September 30, 2005 to present)*	41	First Cagayan Leisure & Resort Corp. Arwen Gaming Consultancy, Inc. Javi Philfoods, Inc. Lia Philfoods, Inc. Everland Estate Development Corporation Buildworth Development Corporation	*Filipino*	AB Leisure Exponent, Inc. *(VP-Administration)* Union Bank of the Philippines *(Senior Manager)* Asian Bank Corporation *(Asst. Manager)* Urban Bank *(Branch Manager)* First Cagayan Leisure & Resort Corp. *(Vice President & General Manager)* Arwen Gaming Consultancy, Inc. Javi Philfoods, Inc. Lia Philfoods, Inc. Everland Estate Development Corporation *(President/Director)* Buildworth Development Corporation (*EVP)*
Edgardo S. Lopez *(Director, August 18, 2006 to present)*	68	LS Finance & Management Corp. Heerco Philippines, Inc. Kings Cross Development Corp.	*Filipino*	LS Finance & Management Corp. *(President)* Heerco Philippines, Inc. *(President)* Kings Cross Development Corp. *(Vice-Chairman)*
Raul G. Gerodias *(Director, December 8, 1999 to present)*	46	AB Leisure Exponent, Inc. Zoraymee Holdings, Inc. GSE Management Services, Inc. Fritz & Macziol Asia, Inc. Ferrier Hodgson Philippines, Inc. ParexDavco (Philippines), Inc. Xtenit Philippines, Inc. Adventure Bay Resort and Theme Park, Inc. Royal Southmeadows, Inc. Grandplains Properties, Inc. Southern Progress Foundation, Inc. Scholarships To Ensure Progress (STEPS) Foundation	*Filipino*	Gerodias Suchianco Estrella Law Firm *(Managing Partner)* GSE Management Services, Inc. (President) AB Leisure Exponent, Inc. Nippon Antenna Philippines, Inc. Merlin Information Systems Philippines, Inc. Universal Leaf Phils., Inc. One World Connections, Inc. Teleaccess Inc. Xtenit Philippines, Inc. Macondray Finance Corporation Silver Finance Group of Companies Techno Holdings Group of Companies *(Corporate Secretary)*

Anthony L. Almeda * (*Director, June 30, 2004 to present)*	45	Landision Corp. Alalmeda Land, Inc. Filipinas Gaming Corp. Enet Corp. ALA Inc. Alalameda Acquisitions Inc. Blue Ocean Acquisitions Inc. BB21 Remit Inc. Pacifica21 Holdings Inc. National Grid Corp. of the Philippines Calaca High Power Corp. Terra Firma Resources Inc. *(All - Director)*	*Filipino*	Landision Corp. (*Chairman, President)* Filipinas Gaming Corp. (*EVP)* ALA Inc. Alalmeda Land, Inc. Alalameda Acquisitions Inc. (*Chairman & CEO)* Blue Ocean Acquisitions Inc. *(CEO)* BB21 Remit Inc. Pacifica21 Holdings Inc. *(Managing Director)* National Grid Corp. of the Philippines Calaca High Power Corp. Enet Corp. Terra Firma Resources Inc. *(Director)*
Geoffrey L. Uymatiao *(Treasurer, Director; December 8, 1999 to present)*	61	AB Leisure Exponent, Inc. Longview Holdings Corporation	*Filipino*	Grafika Distributors, Inc. *(President)*
Willy N. Ocier ** *(Director, July 31, 2009)*	53	Highlands Prime, Inc. Tagaytay Midlands Golf Club, Inc. Philippine Global Communications, Inc. Pacific Online Systems Corporation Belle Corporation APC Group, Inc. Sinophil Corporation Tagaytay Highlands International Golf Club, Inc. Vantage Equities	*Filipino*	Highlands Prime, Inc. *(Co-Vice Chairman)* Tagaytay Midlands Golf Club, Inc. *(Chairman)* Philippine Global Communications, Inc. *(Chairman)* Pacific Online Systems Corporation *(Chairman and President)* Belle Corporation Co-Vice *(Chairman)* APC Group, Inc. *(Chairman)* Sinophil Corporation *(Chairman)* Tagaytay Highlands International Golf Club, Inc. *(Vice Chairman)* Vantage Equities *(Director)*
Chi Kan Tang *(Director; September 18, 2008 to present)*	35	Emphasis Services Limited Bayview Technology Limited Bayview Technology Inc. Linkway Services Limited Internet Sports Marketing Ltd S-Tech Limited Mahjong Corporation Video Technology Limited Village Enterprises Limited Holmes Marketing Limited Interactive Asian Games Limited Asia Pacific Gaming Limited Yaubon Enterprises Corporation	*Chinese-Hongkong*	Asianlogic Limited - 2007 *(Global Business Devt Director)* CY Foundation Group - 2007 *(Interim CFO)* Emphasis Services Ltd. Co - 2003 *(Founder in charge of Financial and Operational Structuring)*
Bienvenido M. Santiago *(Director; November 28, 2003 to present)*	64	AB Leisure Exponent, Inc. The Print Gallery, Inc. Image Dimension, Inc. Corporate Image Dimensions, Inc. Market Light Realty & Construction, Inc. St. James Holding Corporation	*Filipino*	The Print Gallery, Inc. *(Treasurer)* Image Dimension, Inc. Corporate Image Dimensions, Inc. Market Light Realty & Construction, Inc. *(Director & Corporate Secretary)* St. Paul College Pasig-Fr. Louis Chauvet Foundation, Inc. *(President- March 2002 to March 2006)*

* *Re-elected as Independent directors in July 31,2009 annual stockholders' meeting.*
All of the independent directors, possess all the qualifications and none of the disqualifications as independent directors under SRC Rule 38 from the time of their election as such independent directors.

** *Newly elected independent director in July 31, 2009 annual stockholders' meeting.*

Nominees for Directorship: All incumbent directors, as well as independent directors, were re-nominated. The Nomination Committee of the Board of Directors of the registrant has determined that the following nominees for the Board of Directors, including the independent directors, to be elected at this Annual Meeting, possess all the qualifications and have none of the disqualifications for directorship set out in the registrant's Manual on Corporate Governance as well as the Guidelines on the Nomination and Election of Independent Directors set forth in SRC Rule 38 as provided in Article II Section 6 of Registrant's Amended By-Laws dated November 28, 2003. The Chairman of the Nomination Committee is Mr. Willy N. Ocier and the members are Mr. Anthony L. Almeda and Mr. Geoffrey L. Uymatiao.

1. Alfredo Abelardo B. Benitez
2. Jose Conrado B. Benitez
3. Reynaldo P. Bantug - Independent Director
4. Renato G. Nuñez
5. Raul G. Gerodias
6. Anthony L. Almeda - Independent Director
7. Geoffrey L. Uymatiao
8. Bienvenido M. Santiago
9. Edgardo S. Lopez
10. Chi Kan Tang
11. Willy N. Ocier - Independent Director

Mr. Reynaldo P. Bantug was nominated by Mr. Anthony L. Almeda. Mr. Anthony L. Almeda was nominated by Mr. Geoffrey L. Uymatiao, an incumbent director of the registrant. Mr. Willy N. Ocier was nominated by Ms. Virginia L. Eustaquio, a shareholder. All of the persons recommending the nomination of the independent directors have no relationship to their respective nominees. Mr. Reynaldo P. Bantug and Mr. Anthony L. Almeda are not directors in any other reporting companies.

The curriculum vitae of the directors nominated for re-election are described in the discussion on "Directors and Executive Officers."

2. Significant Employees

   No person, who is not a director or an executive officer, is expected to make a significant contribution to the business of the Company. Neither is the business highly dependent on the services of key personnel.

3. Family Relationships

   Mr. Jose Conrado B. Benitez, Mr. Reynaldo P. Bantug and Mr. Edgardo S. Lopez are the father, uncle and father-in-law of Mr. Alfredo Abelardo B. Benitez, respectively. Mr. Jose Conrado B. Benitez is a brother-in-law of Reynaldo P. Bantug. Except for the said relationships, there are no other family relationships known to the registrant.

4. Involvement in Certain Legal Proceedings

   The Company's directors and executive officers were not involved in any of the following events during the past five years that are material to an evaluation of their ability or integrity:

   (a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

   (b) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

(d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

5. Certain Relationships and Related Transactions:

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market. There were no transactions or proposed transactions during the last two (2) years to which the registrant or its subsidiaries, in which a director, executive officer, or stockholders owning ten percent (10%) or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

For transactions with related parties pertaining to those consummated with its subsidiaries and other related parties, please refer to Note 22 of Notes to the Consolidated Financial Statements for the year 2009 and 2008.

6. Director's Disagreement with Registrant Leading to Directors' Resignation or Declining to stand for re-election: No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders because of a disagreement with the registrant on any matter relating to the registrant's operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

Data as to all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly during the last two completed calendar years and the ensuing calendar year to the Company's President and five other most highly compensated executive officers.

Name and Principal Position	Year	Compensation	Bonuses	Other Annual Compensation
	2010	Estimated	Estimated	Estimated
Alfredo Abelardo B. Benitez, President				
Bienvenido M. Santiago, Corporate Secretary				
Geoffrey L. Uymatiao, Treasurer				
Renato G. Nuñez, Vice-President				
Alejandro P. Alonte, Vice-President				
All above-named Officers as a group	2010	PhP3,050,000	PhP600,000	PhP650,000
All other officers as a group unnamed	2010	None	None	None

Alfredo Abelardo B. Benitez, President				
Bienvenido M. Santiago, Corporate Secretary				
Geoffrey L. Uymatiao, Treasurer				
Renato G. Nuñez, Vice-President				
Alejandro P. Alonte, Vice-President				
All above-named Officers as a group	2009	PhP2,933,247	PhP600,000	PhP245,000
All other officers as a group unnamed	2009	None	None	None

Alfredo Abelardo B. Benitez, President				
Bienvenido M. Santiago, Corporate Secretary				
Geoffrey L. Uymatiao, Treasurer				
Renato G. Nuñez, Vice-President				
Alejandro P. Alonte, Vice-President				
Precioso R. Perlas, Vice-President				

All above-named Officers as a group	2008	PhP2,800,000	PhP400,000	PhP480,000
All other officers as a group unnamed	2008	None	None	None

**Other annual compensation consists of director's fees of salaried directors.*

(2) Compensation of Directors

Members of the Board of Directors are elected for a term of one year. Except for the Company's President, Treasurer, Corporate Secretary and one Vice-President, all other directors receive no compensation except director's per diem of PhP10,000.00 per meeting and per diem of PhP5,000.00 in audit, compensation and nominating committees. In 2009 and 2008, a cash bonus of P 100,000 was given to each director.

Total payments to non-salaried directors amounted to ₱900,000.00 in 2009 and ₱1,520,000.00 in 2008.

(3) Employment Contracts and Termination of Employment and Change in Control Arrangements

There are no agreements or employment contract existing between the Company and any of its directors or executive officers.

(4) Warrants and Options Outstanding: Repricing

The Company has no outstanding warrants and options.

Item 7. Independent Public Accountants

KPMG Manabat Sanagustin & Co., served as Company's external auditors for the December 31, 2009 and 2008 Financial Statements. Their re-appointment was approved during the Company's annual stockholders' meeting held on July 31, 2009. The same auditing firm shall be recommended for appointment as the Company's external auditors for the ensuing year.

Mr. Jose P. Javier Jr. was the partner in charge of the Company's 2009 and 2008 audit while Mr. Wilfredo Z. Palad was the partner in charge during 2007 and 2006 audit. The handling audit partner is rotated every five (5) years in compliance with SRC Rule 68, Paragraph 3(b)(iv).

There was no event in the past where KPMG Manabat Sanagustin & Co. had any disagreement with the Company with regard to any matter relating to accounting principles or practices or financial statement disclosure or auditing scope or procedure.

Representatives of the Independent Public Accountant (KPMG Manabat Sanagustin & Co., CPA's) are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Chairman of the Audit Committee is Mr. Reynaldo P. Bantug and the members are Mr. Geoffrey L. Uymatiao and Atty. Bienvenido M. Santiago.

C. <u>ISSUANCE AND EXCHANGE OF SECURITIES</u>

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

The Registrant has intended to acquire 100% ownership of AsianSports, Inc. ("ASI"), a corporation organized and existing under the laws of the Republic of the Philippines, which is engaged in the business of land-based sports book and betting stations. ASI is owned and controlled by Asianlogic, Limited ("ALOG"), a corporation organized and existing under the laws of the British Virgin Islands, which is a company listed on the Alternative Investment Market (AIM) of the London Stock Exchange, involved in the development, operation, management and marketing of online casinos, online poker, multiplayer P2P and Asian Games, online and land-based sports betting and land based slot machine and server based gaming, including live video stream casino gaming across the Asia-Pacific Region.

Brief Summary of the Transaction

On 20 June 2008, the Registrant executed a Memorandum of Agreement (MOA) with ALOG which provides for the Registrant's acquisition of 100% of the issued capital of ASI in exchange for the conditional issuance to ALOG of up to

Three Hundred Forty Two Million Eight Hundred Fifty Eight Thousand (342,858,000) of the Registrant's common shares over a period of three (3) years. ALOG shall provide assistance to ASI in the areas of marketing and network development in order to ensure attainment of net income targets. The release of the Registrant's common shares depends upon ASI's attainment of net income targets every six (6) months. There are a total of six (6) periods, and consequently, six (6) net income targets for the duration of the MOA.

On July 2, 2008, the Company approved the issuance of 37,000,000 shares out of the unissued portion of its authorized capital stock in favor of Asianlogic Limited (ALOG) at the subscription price of ₱3.10 per share or an aggregate amount of One Hundred Fourteen Million Seven Hundred Thousand Pesos (₱114,700,000). On March 17, 2009, the BOD approved a resolution recalling this resolution in accommodation of Asianlogic's preference to defer indefinitely the subscription to said shares in view of the worldwide adverse market conditions. The Registrant and Asianlogic have agreed to revisit this planned subscription to such time when the market conditions are more stable.

D. <u>OTHER MATTERS</u>

Item 15. Action with Respect to Reports

The minutes of the previous Annual Stockholders' Meeting dated July 31, 2009 shall be submitted to the stockholders for approval. Also to be submitted for approval/ratification is the Annual Report and the Audited Financial Statements for fiscal year 2009 and the actions taken by the Board of Directors and Officers since the last annual meeting of the stockholders as follows:

1. Approval of list of nominees for election to the Board of Directors including the independent directors as submitted by the Nomination Committee.
2. Approval of audit reports and financial statements as presented by the Audit Committee.

Item 18. Other Proposed Actions

There are no other proposed actions to be taken on matters other than those provided in the preceding items.

Item 19. Voting Procedures

(a) Vote required for Approval or Election

With respect to the election of directors, candidates who receive the highest number of affirmative votes will be declared elected.

With respect to: (i) the approval of the reports stated in Item 15 above; (ii) approval of appointment of KPMG Manabat Sanagustin & Co., as external auditor of the Corporation; and (iii) all other matters subject to vote, except in cases when the law provides otherwise, the affirmative vote of majority of the outstanding capital stock entitled to vote is required to approve such matters.

(b) Method by which votes will be counted

Except as otherwise provided by law, each stockholder of record shall be entitled at every meeting of stockholders to one vote for each share of stock standing in his name on the stock books of the registrant, which vote may be given personally or by attorney authorized in writing. The instrument authorizing as attorney or proxy to act shall be exhibited to the Secretary if he shall so request. In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the provisions of the Corporation Code.

Unless required by law, or demanded by a stockholder present in person or proxy at any meeting, and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, in his name or by his proxy if there be such proxy, and shall state the number of shares voted by him. In any and all matters requiring the vote of the stockholders, it is the Company's Corporate Secretary who shall be authorized to count the votes to be cast.

The company's 20,380,500 LR shares acquired by AB Leisure Exponent, Inc., a wholly-owned subsidiary of LRWC will not be voted on as these are deemed treasury shares.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 11 June 2010.

LEISURE & RESORTS WORLD CORPORATION
Issuer

By:

BIENVENIDO M. SANTIAGO
Corporate Secretary

MANAGEMENT REPORT

PART I - BUSINESS AND GENERAL INFORMATION

Business

Business Development

Primary Purpose

Leisure and Resorts World Corporation (hereinafter referred to as “Company/LRWC” or the “Registrant” was incorporated on October 10, 1957. As part of the corporate restructuring of the Company in 1996, the Company’s primary purpose was amended in 1999 to engage in realty development focusing on leisure business. However, for several years, it had minimal operations and functioned as a holding company.

Share Swap

In October 1999, the Board of Directors of the Company approved the Share Exchange Agreements (Agreements) with the shareholders of AB Leisure Exponent, Inc. (ABLE), operator of a number of bingo parlors, for the acquisition of the entire outstanding capital stock of ABLE in exchange for 750 million new shares of the Company valued at ₱750 million. By virtue of the Agreements, ABLE became a wholly owned subsidiary of the Company.

On September 19, 2000, the Securities and Exchange Commission (SEC) approved the Company’s increase in authorized capital stock to ₱2.5 billion. Out of the aforementioned increase which consists of a total 2.5 billion common shares at ₱ 1 par value, a total of 750 million common shares with aggregate par value of ₱750 million have been subscribed and fully paid for through the assignment in favor of the Company of 500,000 common shares of ABLE representing the entire outstanding capital stock thereof by ABLE shareholders. This subscription and payment in ABLE shares was an implementation of the duly executed Agreements. These shares were principally held in escrow with a local commercial bank. In 2007 and 2008, SEC approved the release of shares totaling 131,237,048 out of the shares held in escrow. As of December 2009, the remaining shares still held in escrow totals to 5,942,597.

AB Leisure Exponent, Inc.

On March 31, 1995, ABLE was registered with the SEC. The primary purpose of ABLE and its subsidiaries is to provide amusements and recreation to the public in such forms as, but not limited to, traditional, electronic, pulltabs and rapid bingo games. Doing business as Bingo Bonanza Corporation, ABLE has established itself as the pioneer in professional bingo gaming in the Philippines. Philippine Amusement and Gaming Corporation (PAGCOR) granted ABLE the authority to operate bingo games pursuant to PD 1869. In consideration of the Grant of Authority (GOA), ABLE shall pay PAGCOR fifteen percent (15%) of its gross receipts from bingo card sales (representing PAGCOR share), and five percent (5%) of its gross revenue (i.e. gross sales less payouts), representing Bureau of Internal Revenue (BIR) franchise tax. The 5% franchise tax is in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial or national government authority. Cash and performance bonds were submitted to PAGCOR to ensure due observance and faithful compliance of the terms and conditions of the grant. PAGCOR likewise granted ABLE an extension of the conduct and operation of “bingo games via closed circuit television and computer link “ throughout the Philippines where other PAGCOR bingo grantees operate.

First Cagayan Leisure & Resort Corporation (FCLRC)

On September 20, 2005, the Company acquired 35% of the outstanding capital stock of FCLRC by purchasing 43,750 shares with a Par value of ₱100. FCLRC has an existing License Agreement with the Cagayan Economic Zone Authority (CEZA), to develop, operate and conduct internet and gaming enterprises and facilities in the Cagayan Special Economic Zone Freeport (CSEZFP). Pursuant to the License Agreement, FCLRC was issued the “CEZA Master Licensor Certificate” certifying that FCLRC is duly authorized to regulate and monitor on behalf of CEZA all activities pertaining to the licensing and operation of interactive games. On March 3, 2006, the Board of Direcotrs (BOD) approved the additional investment of 40,000 shares in FCLRC for an aggregate amount of ₱32.0 million. This additional subscription to FCLRC’s shares brought the registrant’s total investment to 83,750 shares representing 50.75% of the issued and outstanding capital stock. On April 3, 2006, the BOD approved the acquisition of 31,250 shares, representing 25% of the issued shares (prior to issuance of the additional subscription) of FCLRC, from one of its shareholders, Joanna Heights, Inc. for an aggregate amount of ₱25.0

million on the same terms as the earlier additional subscription. The acquisition was completed upon execution of the Deed of Assignment of Rights on September 27, 2006. With this acquisition, the registrant now holds 115,000 shares representing 69.68% of the issued and outstanding capital stock of FCLRC.

LR Land Developers, Inc.

On December 11, 2007, the SEC approved the incorporation of a wholly owned subsidiary, Northern Philippines Land and Property Development Inc. (NPLPDI), whose primary purpose is to engage in the business of purchasing, leasing, owning, using, improving, developing, subdividing, selling, mortgaging exchanging, leasing and holding for investment or otherwise, real estates of all kinds and build or cause to be built on any such land owned, held or occupied for management or disposition buildings, houses, or other structures with their appurtenances. On March 3, 2008, SEC approved the amendment to the Articles of Incorporation changing its name to LR Land Developers, Inc.

Binondo Leisure Resources, Inc. (BLRI)

On July 25, 2003, the Company signed a Memorandum of Agreement (MOA) with BLRI. In accordance with the MOA, the Company acquired a 30% interest in BLRI through the assignment of shares. The MOA also indicated that the Company would subscribe to 200,000 preferred shares of BLRI with a Par value of ₱100 (after SEC approval on BLRI's application of increase in capital stock). The preferred shares are cumulative and shall be entitled to dividends at the rate of 14% per annum. On May 13, 2004, the SEC approved the BLRI's application for the increase in its capital stock. The Company will also acquire additional shares of BLRI representing 21% amounting to ₱2.1 million from BLRI's existing shareholders subject to completion of certain requirements.

LRWC Articles of Incorporation and By-Laws

The stockholders of LRWC approved various amendments to the Company's Articles of Incorporation. The more relevant amendments relating to the current operations are as follows:

1) On September 30, 2005, the extension of the registrant's corporate existence until the year 2055. SEC approved this amendment on November 6, 2006.

2) On November 28, 2003, change in the date of the annual meeting of stockholders from the third Tuesday of April to the last week of June. On September 30, 2005, it was again amended from the last week of June of each year to the last week of July. This was further amended on August 18, 2006 from the last week of July of each year to the last Friday of July. SEC approved this amendment on May 25, 2007.

Cash Dividends

On September 19, 2008, the BOD approved the declaration of cash dividend equivalent to ₱0.06 per share payable to all common stockholders of record as of October 24, 2008. In the same meeting, the Board also approved the distribution of cash bonus to all of its directors in the amount of One Hundred Thousand Pesos ((₱100,000.00) each.

On July 31, 2009, the BOD approved the declaration of cash dividend equivalent to ₱0.03 per share payable to all common stockholders of record as of August 28, 2009 and another cash dividend of ₱ 0.03 per share payable to all common stockholders of record as of November 27, 2009**.** In addition, the Board also approved the distribution of cash bonus to all of its directors in the amount of One Hundred Thousand (₱ 100,000.00) each. On the same date, stockholders present in person or by proxy in the annual meeting, representing 586,717,106 shares or 75.94% of the outstanding capital stock of the registrant, approved the declaration of a 10% stock dividend or 77,262,310 shares which was issued out of the authorized and unissued capital stock of the Corporation to all stockholders of record as of August 28, 2009.

Others

On February 19, 2008, the BOD of ABLE approved the acquisition of LRWC shares of up to 15,000,000 shares as a temporary investment in marketable securities in consideration that ABLE has excess funds for investments. Thereafter, ABLE started to acquire LRWC shares at the prevailing market price. On June 2, 2008, ABLE's BOD approved the extension of this acquisition of up to 30,000,000 shares. ABLE acquired a total of 27,870,000 LRWC shares as of July 4, 2008. On July 8, 2008, ABLE's BOD then decided to accept an offer and approved the sale of up to 27,870,000 LRWC shares to Asianlogic Limited at a cash price of ₱3.10 per share. Thus, on July 11, 2008 ABLE sold 27,597,000 LRWC shares to Asianlogic Limited. With the said transaction, Asianlogic Limited became 5.71% owner of LRWC shares.

Asianlogic Limited, a corporation incorporated in British Virgin Island and with office address at Mill Mall Suite 6, Wickhams Cay 1 PO Box 3085, Road Town, Tortola, British Virgin Islands, entered into a Memorandum of Agreement (MOA) with LRWC for the acquisition of a new local company to be engaged in a land-based sportsbook operation services.

On June 20, 2008, The BOD approved a resolution authorizing the Corporation to enter into Memorandum of Agreement with Asianlogic Limited, a corporation incorporated in the British Virgin Island, for the acquisition of a local company to be engaged in land-based sportsbook operation services. In payment for the acquisition of the new company, the Corporation will issue 342,858,000 shares from the unissued portion of its capital stock over a period of a three-year period ending in June 30, 2011. The payment of the shares will be based on the attainment of projected income targets. The payment of the shares for the acquisition of the said company is pegged at ₱3.50 per share. The Memorandum of Agreement with Asianlogic was signed on June 20, 2008.

On July 2, 2008, the BOD approved a resolution authorizing the issuance of 37,000,000 shares out of the unissued portion of its authorized capital stock in favor of Asianlogic Limited at the subscription price of ₱3.10 per share or an aggregate amount of One Hundred Fourteen Million Seven Hundred Thousand Pesos (₱114,700,000). On March 17, 2009, the BOD approved a resolution recalling this resolution in accommodation of Asianlogic's preference to defer indefinitely the subscription to said shares in view of the worldwide adverse market conditions. The Corporation and Asianlogic have agreed to revisit this planned subscription to such time when the market conditions are more stable.

As of December 31, 2009, ABLE has a total of 19,680,500 LRWC shares (at a cost of (₱19,780,317) held as temporary investments in marketable securities.

On October 20, 2009, SEC approved the incorporation of another wholly owned subsidiary, AB Leisure Global Inc. (ABLEGI), whose primary purpose is to purchase, acquire, own, use, improve, construct, develop, maintain, subdivide, sell, dispose of, exchange, lease and hold for investment, or otherwise deal with real estate and personal property of all kinds, including the management and operation of the activities conducted therein pertaining to general amusement and recreation enterprises, such as but not limited to resorts, golf courses, clubhouses and sports facilities, hotels and gaming facilities, with all the apparatus, equipment and other appurtenances as may be related thereto or in connection therewith. The authorized capital stock of ABLEGI is Five Million (₱ 5,000,000.00), divided into Fifty Thousand shares (50,000) with par value of One Hundred Pesos (₱ 100.00), of which, One Million Two Hundred Fifty Thousand (₱1,250,000.00) has been actually subscribed and Three Hundred Twelve Thousand Five Hundred (₱ 312,500.00) of the subscribed shares has been paid up.

Products, Games and Distribution Methods

AB LEISURE EXPONENT, INC.

ABLE (popularly known as Bingo Bonanza Corporation), the pioneer in professional bingo gaming in the Philippines, is a 100% subsidiary of the Company. ABLE bingo parlors have become community and entertainment centers, a source of revenue for the government, and a sponsor for fund-raising activities relating to social and educational programs.

The traditional bingo game remains the principal product line. ABLE is trying to lead the way, not only through profitable business partnerships, but also through sound business strategy that combines technological innovation and continuous variations of the traditional bingo game in terms of number combinations, payouts and game mechanics. Such variations include among others Quick Shot, Circle 8, Instant Bingo Bonanza, Player's Choice, and X Game. In addition to these variations, ABLE also introduced the Video Link Bingo, which enables bingo players in one parlor to play simultaneously same game with players in other parlors for bigger payouts. The majority of the Metro Manila bingo parlors have been linked for the metro-wide bingo game. Likewise, the Visayas' bingo parlors have been linked to form their own cluster.

ABLE also launched the E-bingo games (EBG) in 2002 with 20 machines. As of December 31, 2009, around 1,891 machines were installed in 36 affiliated bingo parlors.

In August 2005, ABLE introduced Rapid Bingo with 14 terminals in 14 bingo parlors. By end of 2009, a total of 76 Rapid Bingo terminals were installed in 59 bingo parlors, 20 of which are located in non-affiliated bingo parlors and casinos. ABLE also introduced Pull Tabs in the latter part of 2005 and continues to market said product to all its operational bingo parlors and other non-affiliated establishments.

ABLE and its subsidiaries/affiliates operate a total of 42 bingo parlors, 6 of which are owned by ABLE, 36 sites are owned through subsidiaries and two (2) are minority owned affiliates. There are 2 dormant bingo parlors for relocation. Most of these bingo parlors are located in major shopping malls in Metro Manila and in key provincial cities. Enumerated below is a list of bingo branches, subsidiaries/affiliates, its locations, date of organization and ABLE's equity interest.

Company-Owned Bingo Parlors:			**Location**
		1.	SM Mega Mall, EDSA, Mandaluyong City
		2.	Sta. Lucia East Mall, Cainta, Rizal
		3.	SM City, North EDSA, EDSA, Quezon City
		4.	New Farmers Plaza, EDSA, Quezon City
		5.	Makati Cinema Square, Pasong Tamo, Makati City
		6.	SM Southmall, Almanza, Las Pinas City
Bingo Parlors Owned Through Subsidiaries/Equity	***Date of Organization***		**Location**
Alabang Numbers & Gaming Corp., 100%	***11/18/97***	1.	Festival Supermall, Alabang, Muntinlupa City
All Point Leisure Corporation, 100%	***07/16/97***	2.	SM Centerpoint, Quezon City
		3.	Harrison Plaza, Manila
Bingo Dinero Corporation, 95%	***08/19/98***	4.	SM City, North Reclamation Area, Cebu City
Bingo Extravaganza, Inc., 100%	***01/11/99***	5.	SM Sucat, Sucat Road, Paranaque City
		6.	Tonie's Mart, Puerto Princesa, Palawan
		7.	SM City Bicutan, Don Bosco, Parañaque City
Bingo Gallery, Inc., 100%	***10/16/98***	8.	SM City, Mastersons Ave., Canitoan, Cagayan De Oro City
Bingo Palace Corporation, 100%	***08/19/98***	9.	Robinson's Place, Ermita, Manila
		10.	SM Mall of Asia, Pasay City
Bingo Zone, Inc., 95%	***05/13/99***	11.	*Dormant*
Cebu Entertainment Gallery, Inc., 100%	***09/07/98***	12.	Elizabeth Mall, Leon Kilat St., Cebu City
Fiesta Gaming & Entertainment Corp, 100%	***11/07/97***	13.	*Dormant*
First Leisure and Game Co., Inc., 100%	***12/09/97***	14.	Robinson's Place, Mandalagan, Bacolod City
Galleria Bingo Corporation, 100%	***10/27/98***	15.	Robinson's Galleria, EDSA, Quezon City
G-One Gaming and Technology, Inc., 100%	***04/06/98***	16.	SM City Bacoor, Tirona Highway, Cavite
Highland Gaming Corporation, 100%	***06/06/00***	17.	Baguio Centermall, Baguio City
		18.	SM City Baguio, Luneta Hill, Baguio City
Iloilo Bingo Corporation, 100%	***12/01/99***	19.	SM City Iloilo, Manduriao, Iloilo City
Isarog Gaming Corporation, 90%	***04/24/98***	20.	SM City Naga, CBD2, Bgry Trianggulo, Naga City
Manila Bingo Corporation, 95%	***09/24/97***	21.	SM City Fairview, Regalado, Fairview, Q.C.
Metro Gaming Entertainment Gallery, Inc., 100%	***06/24/98***	22.	M-Star, CV Star Ave., Pamplona, Las Pinas City
		23.	SM Supercenter, Molino Rd., Bacoor, Cavite
One Bingo Place, Inc., 80%	***05/03/00***	24.	SM City Manila, Arroceros St., Manila
Rizal Gaming Corporation, 100%	***11/12/98***	25.	Robinson's Place, Cainta, Rizal
		26.	Robinson's Pioneer, Edsa, Mandaluyong City
SG Amusement and Recreation Corp., 100%	***08/24/05***	27.	Greenhills Shopping Center, San Juan City
		28.	Villa Bldg. Jupiter St., Makati City
		29.	Wilson Square, P.Guevarra, San Juan City
South Bingo Corporation, 100%	***12/10/97***	30.	SM City Davao, Quimpo Blvd., Davao City
South Entertainment Gallery, Inc., 100%	***12/13/00***	31.	SM City, San Fernando City, Pampanga
		32.	SM City Lucena, Dalahican, Dupay, Lucena City
		33.	SM Supercenter, Muntinlupa City
		34.	Pacific Mall, Tagarao St., Lucena City
Summit Bingo, Inc., 60%	***01/19/99***	35.	Savers' Mall, Balibago, Angeles City, Pampanga
Topmost Gaming, Corp. 100%	***01/13/98***	36.	5th Flr., Nova Plaza Mall, Quirino Highway, Novaliches, Quezon City
Bingo Parlor Owned Through An Affiliate/Equity:	***Date of Organization***		**Location**
Insular Gaming Corporation, 40%	***12/13/00***	1.	G/F, Berds Bldg., Iligan City

Vinta Gaming Corporation, 50%	***04/28/03***	2.	Fitmart Mall, Manuel, Koronadal, South Cotabato

FIRST CAGAYAN LEISURE AND RESORT CORPORATION (FCLRC)

FCLRC is duly appointed by the Cagayan Economic Zone Authority (CEZA) as its exclusive Master Licensor for interactive gaming activities in the Cagayan Special Economic Zone and Free Port (CSEZFP). It is responsible for monitoring all activities pertaining to the licensing and operation of interactive games. FCLRC receives and processes applications for interactive gaming licenses for approval by CEZA. In keeping with its authority under the License Agreement with CEZA, FCLRC proposed the Master Development Plan which will accordingly create a self-sustaining industrial zone and mixed-use new township in the CSEZFP with tourism as the lead sector to be developed.

The Master Development Plan envisaged by FCLRC proposes to include telecommunication connectivity; upgrading of existing internet data center; conversion of the CEZA Complex into a gaming facility; airstrip improvements; and Construction of a new CEZA Administration Office in order to support its locators and encourage tourism.

As of December 31, 2009, there were 40 licensed locators, 33 of which are operational. Last year, FCLRC had 35 licensed locators, of which 30 were operational then.

First Cagayan Converge Data Center, Inc. (FCCDC)

FCLRC and IP Converge Data Center Corporation (a wholly-owned subsidiary of listed firm IPVG Corp.) formed a joint venture corporation with the name First Cagayan Converge Data Center, Inc which was incorporated on November 14, 2007. FCLRC owns 60% of the outstanding capital stock of FCCDC. This joint venture corporation was formed to engage in the business of information technology such as IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution, premium dial up access, voice over internet protocol (VOIP), IP-wide arera network services and other value added services. Presently, FCCDC provides a range of services to Internet Gaming Operators at the CSEZFP for a fee. These revenue streams include but are not limited to the following:

- Connectivity using wide bandwidth capabilities
- Physical housing of the server to host the Internet site, in a high security site
- High quality monitoring and maintenance services for the Internet infrastructure
- Hosting services which include connection of servers and data networking equipment to the same monitoring and management system
- A range of call center services
- A range of value added services for ongoing operation of the Internet Site and management of the Internet Casino Site
- Office space
- Administration services which includes facilities management, server management and network monitoring
- Payment and receipt of gaming funds services
- Telecommunication services
- Physical security and monitored access
- Off-site storage of back up materials in secure premises
- Second level help desk service that includes provision of a single answering point for operational, performance, reporting and commercial issues
- Value added services, such as website monitoring, traffic analysis. Marketing analysis, telemarketing, and customer relationship management among others.

FCCDC commenced its commercial operations on January 1, 2008; thus FCLRC's statement of income includes its 60% equity in net earnings from FCCDC.

Competition

ABLE

ABLE manages to stay on top of competition with its extensive network of bingo parlors, and by continuing the development of new parlors and game products. Consolidated sales grew by ₱303.6 million or 9.2% from ₱3,302.1 million in 2008 to ₱3,605.6 million in 2009.

Ever mindful of the growing major competitors such as Bingo Mania, Bigshot Bingo, Bingo Amusement Corporation, as well as small players and new entrants, ABLE sustains its market presence by aggressively offering huge jackpot payouts and launching new products to attract more players. Based on informal surveys, ABLE estimates its market share of the traditional bingo to be 33% to 40% in the last 3 years.

FCLRC

Being the master licensor of Internet gaming in Southeast Asia, FCLRC is in the forefront in leading the Cagayan Freeport as the premier i-Gaming licensing jurisdiction. FCLRC virtually has no competition in the industry in the Southeast Asia region. However there are around 80 gaming jurisdictions around the globe.

Major Supplier

ABLE

Currently, ABLE sources its bingo cards and supplies mainly from BK Systems Philippines, exclusive distributor of Bingo King, USA, one of the world's largest manufacturers and suppliers of bingo cards and bingo related products.

In 2002, ABLE entered into a Lease and Technical Assistance Agreement with FBM Gaming Arizona, Inc., to provide the necessary equipment, systems, facilities and technical support for the conduct and operation of Electronic Bingo Games.

In 2005, ABLE entered into a Memorandum of Understanding with Intralot S.A. Integrated Lottery Systems and Services to supply state-of-the-art hardware/software machines, equipment and accessories for the operation and conduct of computerized "on-line" bingo system known as the Rapid Bingo.

In 2007, ABLE entered into a Lease and Services Agreement with Dingo Systems, Inc. to supply and lease gaming equipment and systems for the operation of the "Dingo Thunder Series System and Games".

FCLRC

Major suppliers of FCLRC for IT and telecom equipment and supplies are Toh Shin Enterprise Phils., Corp., Jocelyn Forge Inc., Genmar Commercial Enterprise, Inc., Fujikura Asia Limited, Enhanced Electronics & Comm. Services, M.D. Tambungui Specialists Inc., Trends & Technologies, Inc., EBDI Phils., Inc., Fujitsu Phils., Voxtel Technologies, Metratonic Trading Ventures & Ion Resources, Inc.

Dependence if any to Major Customers

The Company and its subsidiaries are not dependent upon a single customer or a few customers, the loss of any or more of which would not have a material adverse effect on the company and its subsidiaries taken as a whole.

Patents, trademarks & licenses

ABLE

PAGCOR granted ABLE and its subsidiaries/affiliates (the Group), the authority to operate bingo halls pursuant to Presidential Decree No. 1869. In consideration for the Grants, the Group shall pay PAGCOR 20% of its gross card sales, which shall be remitted to PAGCOR on weekly basis distributed as follows: fifteen percent (15%) of its gross receipts from bingo card sales (representing PAGCOR share), and five percent (5%) of its gross revenue (i.e. gross sales less payouts), representing Bureau of Internal Revenue (BIR) franchise tax. The 5% franchise tax is in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial or national government authority.

In 2008, PAGCOR approved and issued to its bingo grantees the Bingo Regulatory Order No. 2008-01 entitled "Modified Computation of the Five Percent (5%) Franchise Tax". The regulation modified the basis for the computation of the BIR Franchise Tax being remitted to PAGCOR by the bingo grantees for their Traditional Bingo operations from gross sales to gross revenue (gross sales less pay-outs) retroactive to January 1, 2008. However, the basis for the computation of the PAGCOR Franchise Fee shall still be on the gross sales.

On June 13, 2000, PAGCOR granted ABLE the authority to be the primary and exclusive distributor of the Instant Charity Bingo Game II (ICBG2) cards to complement its existing bingo game operations pursuant to Presidential Decree No. 1869. In consideration for the Grant, ABLE shall pay PAGCOR, upon withdrawal of Instant Charity Bingo Game II cards, the regulatory fee of 12.5% of the gross sales value of the cards sold/purchased. However, because of the poor sales performance, ABLE discontinued the distribution of the cards during 2005. The cost of unsold cards charged to operations amounted to ₱10.2 million in 2005. On February 2, 2007, ABLE received a letter from PAGCOR stating the conditions to continue the operations of ICBG2. PAGCOR is to consider ABLE's proposal to negotiate reprinting of unsold 8,000,000 ICBG2 tickets. ABLE shall pay PAGCOR a regulatory fee equivalent to 12.5% of the gross value of the reprinted tickets in excess of the 8,000,000 pieces in ABLE's inventory, subject to approval by PAGCOR's Board of Directors. On December 12, 2008, ABLE resumed commercial operations of ICBG2 scratch cards.

On November 27, 2007, PAGCOR approved ABLE's request to negotiate directly with suppliers for the reprinting of the unsold 8,000,000 ICBG2 tickets within the same terms and conditions above. ABLE paid the total cost of the 10,000,000 ICBG2 tickets, including the 8,000,000 tickets to be reprinted, which was previously delivered to ABLE amounting to ₱12,849,000.

On May 8, 2001, PAGCOR granted the Group the authority to operate and conduct Electronic Bingo Games (E-bingo). In consideration for the Grants, ABLE shall pay PAGCOR 60% (representing 5% BIR franchise tax and 55% PAGCOR franchise fee) of their gross revenues from E-bingo operations.

On August 3, 2005, PAGCOR granted ABLE, the authority to distribute and sell pull-tabs or break-open cards in all branches and subsidiaries of ABLE. Distribution and sales of pull-tabs or break-open cards followed thereafter. In consideration of the Grant, ABLE shall pay PAGCOR 15% of gross card price, which will be remitted to PAGCOR upon draw-down of cards from the supplier regardless of quantity of cards sold.

On September 27, 2005, PAGCOR granted the Group, the authority to operate and conduct rapid bingo games, subject to the approved terms and conditions of the New Rapid Bingo System (NRBS) operations and the use of the prescribed NRBS card format. In consideration of the Grant, the Group shall pay PAGCOR 15% of its gross sales from its conduct and operations.

In all its sites, all other necessary licenses and permits at the local government level have been secured by the Group.

FCLRC

By virtue of CEZA Board Resolution No.05-003-01, dated 30 May 2001, FCLRC was granted by CEZA the exclusive authority as Master Licensor of internet gaming games and facilities in the CSEZFP for a renewable period of 2 years. CEZA also authorized FCLRC to assist CEZA in its functions as a Regulator of interactive gaming activities. Said appointment of FCLRC as Master Licensor was extended for 25 years by CEZA under Board Resolution No.09-002-06, dated 15 September 2006. The same resolution also granted FCLRC the authority to manage and operate the telecommunication facility in CSEZFP.

Government Regulations

ABLE

Effective November 1, 2005, Republic Act No. 9337, "An Act Amending the National Internal Revenue Code, as Amended, with Salient Features" particularly Section 27 (c) excluded PAGCOR from the clause of government-owned or controlled corporations or agencies not subjected to the thirty five (35%) percent corporate income tax. PAGCOR, however, has presented its position to the Department of Justice for a judicial determination of the exemption as granted by Presidential Decree No. 1869.

The Group, in the meantime, continues to abide by the provisions of Section 13, par. 2 (a) and (b) of P.D. No. 1869 whereby it pays the BIR a five (5%) percent Franchise Tax and various rates as PAGCOR's Franchise Fee. In addition, on December 6, 2005, PAGCOR advised its grantees that they are still not subject to the Expanded Value Added Tax (EVAT) for the same reason that these grantees are still subject to the Franchise tax as explained above. Also, on the same letter, PAGCOR cited its position that R.A. No. 9337 did not repeal P.D. No. 1869.

In adapting the present position, ABLE also secured a copy of the Supreme Court ruling granted in favor of another bingo company in relation to its decision with G.R. No. 147295 confirming that PAGCOR and PAGCOR-controlled corporations are exempt from indirect and direct taxes.

Except for RA No. 9337 cited above and the local government regulations on the business of gaming as discussed under the item "Major Risks Involved in the Business" below, the Company is not aware of any other government regulation, which would materially affect its operations.

FCLRC

As exclusive Master Licensor for interactive operations in the CSEZFP, FCLRC is entitled to tax incentives under Section 4c of RA No. 7922 (CEZA law). No taxes, local and national shall be imposed on business establishments operating within the CSEZFP. In lieu of paying taxes, FCLRC shall pay and remit to the National Government 5% of their gross income less allowable deductions. Gross income shall refer to gross sales or gross revenues derived from business activity within the CSEZFP, net of sales discounts, sales returns and allowances and minus costs of sales or direct costs but before any deduction is made for administrative, marketing, selling and/or operating expenses or incidental losses during a given taxable period.

Transactions with and/or Dependence on Related Parties

The Company's transaction with ABLE consists mainly of non-interest bearing advances, while ABLE's related party transactions with its subsidiaries and/or affiliates including FCLRC consist mainly of non-interest bearing advances to and from subsidiaries and/or affiliates, officers and employees and supply of bingo cards and supplies. Aside from non-interest bearing cash advances from ABLE, FCLRC related party transactions also consist mainly of non-interest bearing advances to its officers and employees which are payable in cash and in full within 12 months after issue date.

Research and Development

ABLE

Development of other bingo games/variants does not require that much expenditure since most are only ideas developed by ABLE's marketing people. ABLE also participates in Bingo and related gaming trade shows to evaluate if new games offered may be introduced to its own operations. The expenses in attending these trade shows are not significant.

FCLRC

Telecommunication facilities and services of FCLRC are continuously updated to the latest advances in hardware and software technology to ensure that FCLRC's locators are provided with quality broadband and high-speed data services.

Cost and effects of compliance with environmental laws

All ABLE and affiliate bingo parlors have complied with the provisions of Smoking Ordinances issued by most local government units. All bingo parlors have made provisions in its playing area to accommodate smokers and non-smokers alike. Future expansions and parlor upgrades will incorporate enclosures and advanced air-purifying systems.

FCLRC also complies with environmental laws being enforced by CEZA in the Cagayan Special Economic Zone and Freeport (CSEZFP).

Employees

LRWC has 6 and 7 employees in 2009 and 2008 respectively, while ABLE and its subsidiaries have a total headcount (including personnel provided by manpower agencies) of 956 and 959 in 2009 and 2008 respectively. On the other hand, FCLRC has 67 and 63 employees in 2009 and 2008 respectively. For the year 2009, the Company and its subsidiaries, ABLE and FCLRC, are not expected to have major changes in their employment portfolios. Their employees are not subject to a collective bargaining agreement. The Company does not have a stock option plan as part of its remuneration to all directors and senior management.

Major Risks Involved in the Business

ABLE

ABLE and its subsidiaries operate bingo parlors. By the nature of the business (gaming), there is a risk of possible non-renewal of business permits by the local governments. To counter this risk ABLE and subsidiaries obtained ordinances to do business from the respective local Sanggunian Mangbabatas. The business is located in high traffic areas, specifically in SM and Robinson malls, thus there is also risk of difficulty in finding similar high traffic areas should the lease contracts not be renewed upon expiration. ABLE has expanded to other locations so the effect of non-renewal of one or two leases will not have significant effect on ABLE's results of operations.

FCLRC

As revenues are dependent to locators whose business is internet gaming operations outside the Philippines, potential or future government regulations in countries where internet gaming operations is presently allowed, can be considered as a major business concern for FCLRC.

Properties

The major assets of the Company and its subsidiaries are furniture & fixtures, leasehold improvements, bingo equipments and paraphernalia. There are no real estate properties owned. In the next 12 months, the Company through its subsidiary LR Land Developers, Inc. (LRLDI) is considering acquiring properties in the vicinity of Cagayan Special Economic Zone Freeport for the purpose of making facilities available to FCLRC's future locators.

ABLE and its subsidiaries lease bingo parlors ranging in size from 90 to 2,000 square meters located in major shopping malls in Metro Manila and in key provincial cities. Lease term ranges from one (1) to ten (10) years. All lease agreements have provisions for renewal subject to terms and conditions mutually agreed upon by all parties. All lease payment computations are based on a fixed rate per square meter of occupied space or on a certain percentage of bingo cards sales. Total lease payments amounted to ₱ 193.3 million in 2009 and ₱ 166.4 million in 2008.

Legal Proceedings

Except for the following, there are no other legal proceedings to which the Company or ABLE or its subsidiaries is a party:

(1.)"Edison Laxamana vs. Bingo Bonanza Corporation"
Civil Case No. 00-1418, RTC – Makati City, Branch 56

Case Summary:

This is a complaint for damages, with prayer for preliminary mandatory injunction and prohibitory injunction, in the amount of Five Hundred Twenty-Two Thousand Pesos (₱522,000.00) exclusive of claims for moral damages and attorney's fees filed by Edison Laxamana against Bingo Bonanza Corporation.

Status:

On February 8, 2007, our counsel received a copy of the Order of the Court dated January 25, 2007 granting our Motion for Execution of the August 16, 2006 Decision dismissing the complaint for lack of merit and directing Mr. Edison Laxamana to pay the amount of One Hundred Thousand Pesos (P 100,000.00) as and for attorney's fees and cost of suit. The Writ of Execution has not been implemented, as Mr. Laxamana could not be located at his given address. However, we recently received information that Mr. Laxamana is now residing at 3508 Manansala Tower, Hidalgo St., Barangay Poblacion, Makati City. With this information, our legal counsel can now coordinate with the Court for the issuance of the writ so we can work on its implementation.

(2.) "People of the Philippines vs. Edison Laxamana,"
Criminal Case No. 306273-81,
MeTC - Makati City, Branch 66

Case Summary:

These are criminal complaints for violation of B.P. 22 (Anti-Bouncing Checks Law) filed by Bingo Bonanza, Corporation against respondent Edison Laxamana for nine (9) bounced checks which he issued to Bingo Bonanza Corporation for the total amount of Two Hundred Twenty-Nine Thousand Two Hundred and Seventy Three Pesos and 56/100 (₱229,273.56).

Status:

At the hearing dated 08 March 2010, the Court promulgated its decision and held that the prosecution was able to successfully prove the civil liability of the accused. The Court ordered the accused to indemnify the Company in the total of Two Hundred Twenty Nine Thousand Two Hundred Seventy Three and 56/100 Pesos (229,273.56), the value of the dishonored checks, plus twelve percent interest (12%) per year from the time of the filing of this present case on 20 April 2001 until the finality of the Decision. Further, said amount shall earn interest of another twelve percent (12%) yearly from the time of the finality of the Decision until the obligation has been fully paid. The accused was also ordered to pay the Company the costs of the suit and Twenty Thousand Pesos (Php 20, 000.00) as attorney's fees. External counsel will monitor the finality of the decision for purposes of execution of civil liability of the accused.

(3.) "People of the Philippines vs. Ryan Baltazar,"
Criminal Case No. 135459,
Branch 67, Pasig City

Case Summary:

This is a complaint for violation of Article 315, paragraph 3(b) of the Revised Penal code for estafa committed by resorting to some fraudulent practice to ensure success in a gambling game. On 02 September 2006, a glitch occurred in the generation of winning numbers for New Rapid Bingo Game - Bingo Draw No, 18652. The winning numbers flashed on the television screens were different from those transmitted to the cashiers' terminals. At such time, respondent Baltazar was the Application Operator on duty and the one manning the bingo generator machine. Because of the ensuing confusion, respondent Baltazar advised the cashiers to pay the prizes of all winning tickets and cash shortages shall be reimbursed. The following day, accused Baltazar sent text messages to co-employees, apologizing and admitting responsibility for the incident.

Status:

At the hearing dated 05 April 2010 for the cross-examination of the witness, Mr. Mariano C. Gamboa, Jr., counsel *de oficio* for the accused failed to attend. The above-captioned case was reset on May 6, 2010.

Submission of Matters to a Vote of Security Holders

(a) An annual meeting of stockholders of the registrant was held July 31, 2009.

(b) During the said annual meeting the following persons were elected as directors of the registrant:

1. Alfredo Abelardo Benitez
2. Jose Conrado Benitez
3. Renato G. Nuñez
4. Raul G. Gerodias
5. Geoffrey L. Uymatiao
6. Bienvenido M. Santiago
7. Edgardo S. Lopez
8. Chi Kan Tang

with the following as independent directors under Section 38 of the Security Regulation Code (RA 87):

9. Reynaldo P. Bantug
10. Anthony A. Almeda
11. Willy N. Ocier

Except for Mr. Willy N. Ocier, a newly elected director, all other directors were re-elected to registrant's Board of

Directors.

(c) During the annual meeting of stockholders of the registrant last 31 July 2009, the following matter was submitted to a vote of and duly approved by the stockholders of the registrant: (i) the appointment of KPMG Manabat Sanagustin & Co., CPA's as the external auditor; (ii) approval of the declaration of 10% stock dividend or 77,262,310 shares to be issued out of the authorized and unissued portion of the Company's capital stock.

(d) No other matter has been submitted to a vote of security holders otherwise than at a meeting of such security holders.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

Principal market where the equity is traded – Philippine Stock Exchange

The table shows the high & low prices of the company's share within the last two fiscal years, including the volume of transactions for each quarter.

QUARTER ENDING	IN PHILIPPINE PESO		VOLUME
	HIGH	LOW	
JAN-MAR 2008	2.55	1.80	37,482,058
APR-JUN 2008	2.55	1.84	55,153,356
JUL-SEP 2008	2.45	1.64	39,037,609
OCT-DEC 2008	1.71	0.64	15,880,160
JAN-MAR 2009	0.86	0.62	58,374,931
APR-JUN 2009	1.29	0.76	22,980,801
JUL-SEP 2009	1.90	0.84	70,428,910
OCT-DEC 2009	1.66	1.36	24,331,690

Closing Market Price as of December 31, 2009 is ₱1.44 per share. While the Closing Market Price as of March 31, 2010 is ₱2.02 per share.

The Company's earnings per share is ₱0.2398 per share in 2009 and ₱0.2205 in 2008.

(2) Holders

The stock transfer agent reported 1,928 holders of common shares of the registrant as of March 31, 2010.

As of March 31, 2010, the top 20 shareholders, the number of common shares held and the percentage of common shares held by each are as follows:

	Name	No. Of Shares Held	% To Total
1.	PCD Nominee Corporation (Filipino)	346,823,064	40.81
2.	PCD Nominee Corporation (Non-Filipino)	153,057,120	18.01
3.	Zoraymee Holdings, Inc. (Filipino)	134,709,215	15.85
4.	Alfredo Abelardo B. Benitez	75,151,999	8.84
5.	Paul Luis P. Alejandrino	63,496,529	7.47
6.	Dominique L. Benitez	26,400,000	3.11
7.	AB Leisure Exponent, Inc.	16,472,500	1.94
8.	Quality Investments & Securities Corporation	5,068,800	.60
9.	Willy Ng Ocier	1,771,000	.21
10.	Ricardo D. Morales	1,570,800	.18
11.	Henry T. Sy Jr.	1,274,687	.15
12.	A. N. Ty	757,331	.09
13.	Liberty Farms, Inc.	674,274	.08
14.	Provident Insurance Corporation	492,519	.06
15.	Cualoping Securities Corporation	462,532	.05
16.	Brisot Economic Development Corporation	426,670	.05
17.	Visayan Surety & Insurance Corporation	405,245	.05
18.	Wilson Chua &/or Becky Que Chua	352,000	.04
19.	Ana L. Go	352,000	.04
20.	Fidel L. Cu	341,440	.04

(3) Dividends

The Company does not have any restrictions which limit the ability to pay dividends on common equity or that are likely to do so except in cases where the Company does not have enough retained earnings or is in a deficit position. For two consecutive years, the Company was able to distribute cash dividend to its shareholders. During the annual stockholders' meeting held on July 31, 2009, the Board of Directors (BOD) declared cash dividend twice, ₱0.03 per share with record date of August 28, 2009 and another ₱0.03 per share with record date of November 27, 2009. BOD also declared cash dividend equivalent to ₱0.03 per share in 2007, and ₱0.06 per share in 2008.

(4) Recent Sale of Unregistered Securities

The Company has duly approved the issuance of 28,500,000 private placement shares to Arlington Group S.A., and upon submission of the notice of exemption from registration of the said common shares to the Securities and Exchange Commission (SEC) on April 3, 2006, and upon approval by the Philippine Stock Exchange (PSE) for listing dated June 28, 2006, a certificate of stock for 28,500,000 common shares of the Company was issued on July 11, 2006.

On July 2, 2008, the Company approved the issuance of 37,000,000 shares out of the unissued portion of its authorized capital stock in favor of Asianlogic Limited (ALOG) at the subscription price of ₱3.10 per share or an aggregate amount of One Hundred Fourteen Million Seven Hundred Thousand Pesos (₱114,700,000). Asianlogic Limited deferred this subscription indefinitely in view of the worldwide adverse market conditions. The Corporation and Asianlogic have agreed to revisit this planned subscription to such time when the market conditions are more stable.

Except for these issuances, the Company has not sold any unregistered securities within the last three (3) years.

Management's Discussion and Analysis or Plan of Operation

As mentioned, LRWC is functioning basically as a holding company with minimal operations.

LRWC operations continue to be at a minimal level. The company is still focusing its endeavor in supporting the productivity programs of its wholly owned subsidiary, AB Leisure Exponent, Inc. (ABLE) and its 69.68% owned subsidiary, First Cagayan Leisure and Resort Corporation (FCLRC). Based on PFRS 3, Business Combination, LRWC and subsidiaries are required to perform an annual test for goodwill impairment. As a result, of the annual test, there is no need to provide for allowance for impairment of goodwill in 2009.

LRWC recorded its share in losses from BLRI in 2008 amounting to ₱2.8 million. However, in 2009, LRWC did not recognize any losses from BLRI as its investment balance has already been consumed.

2009 vs. 2008

<u>ABLE Operations</u>

ABLE posted a total sales of ₱3,605.6 million for 2009, a ₱303.5 million or 9.2% growth from the ₱3,302.1 million total sales for 2008. Sales from Traditional Bingo, Electronic Bingo, Rapid Bingo and Instant Charity Bingo operations contributed to the increase in sales.

The traditional bingo remains the Company's principal product line with annual sales of ₱2,294.2 million or 63.6% contribution to total sales. Annual sales for 2009 increased by ₱47.2 million or 2.1% from 2008 sales of ₱2,247.0 million. ABLE currently operates 40 bingo parlors; the same as last year's number of bingo parlors. The total number of bingo parlors does not include two (2) dormant bingo parlors, which are to be relocated.

Sales increase faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. Thus, ABLE expanded its game offerings to a variety of gaming products that could be played simultaneously with the programmed bingo games. These products include Electronic Bingo, Rapid Bingo, Pull Tabs and Instant Charity Bingo.

The sales of Electronic Bingo for 2009 of ₱773.9 million increased by ₱185.1 million or 31.4% from the ₱588.8 million sales in 2008. At the end of December 31, 2009, there were a total of 1,891 E-bingo machines in 36 bingo parlors compared with 1,507 E-bingo machines in 33 bingo parlors as of December 31, 2008. These bingo parlors are either directly owned by ABLE or owned through subsidiaries.

The sales of Rapid bingo for 2009 of ₱484.2 million increased by ₱52.8 million or 12.2% from the ₱431.4 million sales in 2008. ABLE launched Rapid Bingo, late August 2005 with fourteen (14) terminals in fourteen (14) bingo parlors. By end of December 2009, there were a total of 76 Rapid Bingo terminals in 59 bingo parlors installed as compared to 73 terminals in 56 bingo parlors in 2008.

ABLE also introduced the Pull Tabs in December 2005 in 32 bingo parlors. The sales of Pull Tabs contributed ₱25.0 million to 2009 total sales or a decrease of ₱8.6 million or 25.8% from 2008 sales of ₱33.6 million.

PAGCOR granted ABLE the authority to be the primary and exclusive distributor of the Instant Charity Bingo Game II (ICBG2) on June 13, 2000. However, because of the poor sales performance, ABLE discontinued the distribution of the cards in 2005. On December 12, 2008, ABLE resumed commercial operations of the ICBG2 scratch cards. It contributed ₱ 28.5 million or 0.8% to total sales of 2009 as compared to ₱ 1.2 million last year.

There was an increase in the volume of programmed bingo game operations (Rapid Bingo and E-Bingo) in 2009 coupled with enhanced marketing activities for programmed bingo games which contributed mainly to the increase in ABLE's consolidated operating expenses for 2009, amounting to ₱2,385.7 million or about 5.8% increase from ₱2,254.3 million for 2008. The following operating expenses increased in 2009: (1) Rent of ₱26.8 million or 16.1% due to increase in rental rates; (2) Salaries and Wages of ₱8.2 million or 7.2%; (3) Contracted Services of ₱ 9.7 million or 13.1% due to increase in manpower requirements for programmed bingo games; (4) Employee Benefits of ₱ 20.7 million or 49.5%; (5) Depreciation and Amortization of ₱ 11.4 million or 29.5% owing to the renovation, downsizing and transfer to new location of several bingo parlors; partly offset by a decrease in Bingo cards of ₱15.2 million or 26.1% due to ABLE's continuous cost reduction schemes.

The resulting net expense in the "Other Income (Expense) account" in 2009 of ₱ 16.8 million was higher by ₱15.9 million from ₱0.9 million in 2008 mainly due to the ₱ 14.1 million gain on sale of investments and foreign exchange booked in 2008. The gain on sale of investments relates to the sale of LRWC shares which ABLE acquired in the open market during the first half of 2008 and sold on July 11, 2008.

ABLE posted a consolidated net income (exclusive of minority interest) of ₱127.7 million in 2009, a slight decline of ₱0.1 million or 0.04% from the ₱127.8 million consolidated net income in 2008.

<u>FCLRC Operations</u>

For the year 2009, FCLRC posted a net income of ₱118.6 million; an ₱18.8 million or 18.9% increase from ₱99.8 million in 2008. The growth is principally attributable to the increase in FCLRC Equity in Net Earnings of FCCDCI from ₱8.7 million in 2008 to ₱29.0 million in 2009.

Total revenues (net of CEZA share) of ₱175.7 million for the year 2009 was generated from hosting and service fees amounting to ₱126.1 million and from license application and renewal fees, amounting to ₱49.6 million. Total revenues in 2009 were lower than the revenues in 2008 at ₱219.1 million. Expectedly, CEZA fee in 2009 decreased to ₱126.1 million versus ₱178.1 million in 2008, or a decrease of 29.1% than last year's fees.

Thus, FCLRC posted a net income of ₱118.6 million in 2009, a ₱18.8 million or 18.9% increase than last year's ₱99.8 million. The improvement in net income is mainly attributable to the resulting income from the "Other Income (Expense) – Net" account amounting to ₱48.9 million as compared to last year's resulting net expense of ₱ 1.5 million coupled with a decrease in the total operating expenses by ₱12.2 million or 11.0% from last year's total expenses of ₱110.6 million. In line with the Company's over-all financial prudence and other cost saving measures, the following expenses decreased: (1) Salaries, wages & benefits by ₱3.2 million or 7.7%; (2) Professional Fees by ₱4.0 million or 23.2%; (3) Transportation and Travel by ₱1.3 million or 15.1%; (4) Representation by ₱2.8 million or 58.5%; and (5)"Others" expenses by ₱1.7 million or 67.8%. These expenses were partly offset by the following: (1) Depreciation and Amortization by ₱1.1 million or 9.3% due to the purchase of additional transportation equipment; and (2) Taxes and Licenses by ₱0.4 million or 174% owing to the increase in real property tax payments.

<u>LRWC</u>

LRWC posted a consolidated net income (exclusive of minority interest) of ₱201.2 million in 2009; a ₱31.2 million or 18.4% increase from ₱170.0 million in 2008. The growth is mainly attributable to FCLRC's increase in net income.

<u>Consolidated Financial Condition</u>

The changes in total assets of LRWC and subsidiaries are accounted as follows: (1) Increase in Receivables of ₱221.6 million due mainly to the increase in ABLE's short term receivables owing to the reclassification of Advances to Royal Highland Leisure and Resort Corporation (RHLRC) from Other Assets since a significant amount of this receivable will be collected in 2010 coupled with the increase in FCLRC's trade receivables; (2) Increase in Prepaid Expenses and Other Current Assets of ₱14.6 million due to due to prepayment of expenses made during the first few months of the year which will be properly amortized in the future short term periods; (3) Increase in Due from Related Parties of ₱ 34.3 million mainly due to ABLE's advances to on-going projects which will benefit the operations of the group in the long term partly offset by FCLRC's full collection from a related party and (4) Investment Property of ₱17.5 million attributable to FCLRC's on-going construction of a building in Cagayan intended for its locators. These increases in total assets was partly offset by: (5) Decrease of Investments and Advances of ₱14.7 million mainly due to BLRI's partial payment of its advances and (5) Decrease in Other Assets of ₱156.9 million chiefly due to the reclassification of ABLE's Advances to RHLRC to short term receivables as mentioned above, partly offset by an increase in FCLRC's advances for the development of Phase I of Master Development Plan Project. Thus, the total assets of LRWC and subsidiaries as of December 31, 2009 of ₱2,261.2 million increased by ₱110.6 million or 5.1% from ₱2,150.6 million as of December 31, 2008.

The following are the changes in the total liabilities of LRWC: (1) Increase in Short-term Loans Payable of ₱21.3 million attributable to ABLE's increased bank borrowings to support its operations; (2) Income Tax Payable was higher by ₱ 3.0 million due to FCLRC's posted higher net income in 2009; (3) Current portion of obligation under finance lease increased by ₱0.6 million due to ABLE's acquisition of transportation equipment and (4) Noncurrent liabilities–Retirement Benefits increased by ₱3.7 million which represents the current service cost and amortization of transitional liability charged to operations in 2009. The afore-mentioned increases were partially offset by decreases in the following liabilities due to ABLE's and FCLRC's settlement of its obligation and other reasons as stated: (1) Due to Related Parties of ₱ 7.1 million; (2) Current portion of obligation under finance lease of ₱0.6 million; (3) Current portion of long term loans payable of ₱ 25.8 million; (4) Long term obligation under finance lease of ₱5.2 million and (5) Long term loans payable of ₱43.4 million.

Cash as of December 31, 2009 of ₱102.3 million increased by ₱1.6 million or 1.6% from ₱100.7 million for the same period last year. The growth is attributable to a higher posted net income in 2009 partly offset by cash used in financing activities as payments to bank loans and financial lease coupled with cash used in investing activities as advances for on-going projects of related parties.

Key Performance Indicators

The Company monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

	As Of	
	Dec 31, 2009	Dec 31, 2008
Liquidity		
Current Ratio	100.3%	59.8%
Leverage Ratio		
Debt to Equity	47.3%	56.3%
Net Book Value Per Share	1.83	1.62

	For the Year Ended	
	Dec 31, 2009	Dec 31, 2008
Activity Ratio		
Rate of Payout to Net Revenues	59.4%	59.2%
Profitability Ratio		
Return on Average Equity	13.8%	15.4%
Return on Average Assets	16.9%	10.3%

Earnings Per Share 0.2398 0.2005

The manner by which the Company calculates the above indicators is as follows:

Key Performance Indicator	Formula	2009	2008
Current Ratio	Current Assets / Current Liabilities	676,944,489 / 674,975,983	405,409,496 / 678,113,164
Debt to Equity Ratio	Total Liability / Stockholders' Equity	726,551,026 / 1,534,649,151	774,621,788 / 1,376,011,720
Rate of Payout to Net Revenues	Payout / Net Revenues	1,607,457,261 / 2,707,152,636	1,540,137,116 / 2,602,761,284
Return on Average Equity	Net Income / Average Equity	201,045,227 / 1,305,026,393	201,045,227 / 1,305,026,393
Return on Average Assets	Net Income / Average Total Assets	201,045,227 / 1,958,105,183	201,045,227 / 1,958,105,183
Earnings per Share	Net Income (Net of Minority) / Adjusted weighted average number of shares outstanding	201,237,953 / 839,190,796	170,036,140 / 848,060,548 *
Net Book Value	Total Equity / Adjusted weighted average number of shares outstanding	1,534,649,151 / 839,190,796	1,376,011,720 / 848,060,548 *

**Adjusted for the effect of stock dividends declared in 2009*

The Company believes that the measure of its Liquidity through the Current Ratio is indicative of its ability to convert its asset resources into cash in order to pay current obligations. Generally, the higher the ratio, the better is the liquidity of the Company. As of the year ended 2009, the Company posted a current ratio of 100.3%; a 40.5% increase from 59.8% in 2008.

The Leverage Ratio measures the effectiveness of the Company's financing decisions and risk taking as shown in the Debt to Equity Ratio. It is the relationship between the total debts of the Company and its total stockholders' equity. It measures the total riskiness of the firm in terms of its ability to service both interest and principal payment commitments. The higher the ratio, the higher is the Company's leverage. As of the year ended 2009, the Company reported a debt to equity ratio of 47.3% or a 9% decrease from 56.3% in 2008.

The Rate of Payout to Net Revenues (Payout Turn-over) is a measure of the Company's efficiency by which it uses its resources to attain its objectives. It determines the effectiveness of the Company's programmed games to generate revenues. As of the year ended 2009, the Payout Turn-over is at 59.4%, a slight increase of 0.2% as compared to 59.2% in 2008.

The Company measures its profitability in two-ways: (1) Return on Average Equity and (2) Return on Average Assets. The Return on Average Equity measures the residual income that accrues to the stockholders of the Company, while the Return on Average Assets measures the effectiveness of the management of asset resources to produce income. As of the year ended 2009, the Company's Return on Average Equity is 13.8% while the Return on Average Assets is at 16.9% as compared to 15.4% and 10.3% respectively in 2008.

The Company also considers the Earnings per Share and Net Book Value as a useful tool for its stockholders. The Earnings per Share is considered as an important variable in determining a share's price. It is the portion of the Company's profit to each outstanding share, while the Net Book Value is a measure of the Company's net value scaled by the number of shares outstanding. As of the year ended 2009, the Company's Earnings per Share is 0.2398 while the Net Book Value per Share is 1.83 as compared to 0.2005 and 1.62 respectively in 2008.

2008 vs. 2007

ABLE Operations

ABLE posted a total sales of ₱3,302 million for 2008, a ₱13.3 million or 0.4% growth from the ₱3,289 million total sales for 2007. Sales from E-Bingo, Rapid Bingo and Pull Tabs operations contributed to the increase in sales.

The traditional bingo remains the Company's principal product line with annual sales of ₱2,247.0 million or 68.0% contribution to total sales. Annual sales for 2008 decreased by ₱92.9 million or 4.1% from 2007 sales of ₱2,340.0 million. ABLE currently operates 40 bingo parlors; an increase of 6 bingo parlors from last year's 34 bingo parlors. The total number of bingo parlors does not include two (2) dormant bingo parlors, which are to be relocated.

Sales increase faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. Thus, ABLE expanded its game offerings to a variety of gaming products that could be played simultaneously with the programmed bingo games. These products include E-bingo, Rapid Bingo, and Pull Tabs.

The sales of E-bingo for 2008 of ₱588.8 million increased by ₱72.3. million or 14.0% from the ₱516.5 million sales in 2007. At the end of December 31, 2008, there were a total of 1,507 E-bingo machines in 33 bingo parlors compared with 1,187 E-bingo machines in 30 bingo parlors as of December 31, 2007. These bingo parlors are either directly owned by ABLE or owned through subsidiaries.

The sales of Rapid bingo for 2008 of ₱431.4 million increased by ₱20.2 million or 4.9% from the ₱411.2 million sales in 2007. ABLE launched Rapid Bingo, late August 2005 with fourteen (14) terminals in fourteen (14) bingo parlors. By end of December 2008, there were a total of 73 Rapid Bingo terminals in 56 bingo parlors installed as compared to 66 terminals in 46 bingo parlors in 2007.

ABLE also introduced the Pull Tabs in December 2005 in 32 bingo parlors. The sales of Pull Tabs contributed ₱33.6 million to 2008 total sales or an increase of ₱12.6 million or 59.6% from 2007 sales of ₱21.1 million.

There was an increase in the volume of programmed bingo game operations (Rapid Bingo and E-Bingo) and several new bingo parlors during 2008 which contributed mainly to the increase in ABLE's consolidated operating expenses for 2008, amounting to ₱2,254.3 million or about 2.4% increase from ₱2,202.3 million for 2007. For this reason, the following operating expenses increased in 2008: (1) Salaries and Wages of ₱17.8 million or 18.5%; (2) Contracted Services of ₱8.2 million or 12.3%; (3) Bingo cards and supplies of ₱15.6 million or 36.8%; (4) Depreciation and Amortization of ₱6.7 million or 21.1%; and (5) Taxes and Licenses of ₱1.1 million or 6.8%, coupled with the enhanced marketing activities implemented for programmed bingo games.

The resulting net expense in the "Other Income (Expense) account" was lower by ₱13.3 million or 93.9% from ₱14.1 million in 2007 mainly due to the gains on sale of investments and foreign exchange which substantially offset the higher payments of interest due to increased bank borrowings in 2008. The gain on sale of investments relates to the sale of LRWC shares which ABLE acquired in the open market during the first half of 2008 and sold on July 11, 2008.
ABLE posted a consolidated net income (exclusive of minority interest) of ₱127.8 million in 2008, a ₱7.5 million or 6.3% improvement from the ₱120.3 million consolidated net income in 2007.

FCLRC Operations

For the year 2008, FCLRC posted a net income of ₱99.8 million; a ₱89.2 million or 33.4% increase from ₱80.4 million in 2007. The growth is attributable to the increased revenues of locators. The revenues collected by FCLRC are denominated in US dollars, thus the currency depreciation of the Philippine Peso during the latter part of 2008 effectively increased the Peso revenue. As of December 31, 2008, there were thirty-five (35) licensed locators, 30 of which are in operation, compared with last year's forty-two (42) licensed locators out of which thirty-five (35) are in operation.

Total revenues (net of CEZA share) of ₱219.1 million for the year 2008 was generated from hosting and service fees amounting to ₱178.0 million and from license application and renewal fees, amounting to ₱41.1 million. Total revenues in 2008 were higher than the revenues in 2007 at ₱26.5 million. Expectedly, CEZA fee in 2008 increased to ₱178.0 million versus ₱133.4 million in 2007, or an increase of 33.4% than last year's fees.

Thus, FCLRC posted a net income of ₱99.8 million in 2008, a ₱19.4 million or 24.1% increase than last year's ₱80.4

million. The improvement in net income is mainly attributable to the increase in revenues coupled with foreign exchange gain from the currency depreciation of the Philippine Peso against the US Dollar of about ₱9.5 million, and equity in net earnings of FC Converge booked at ₱8.7 million partly offset by an increase in operating expenses by ₱15.4 million or 16.5% from last year's total expenses of ₱93.2 million. In order to maintain and continue with the demand for an effective, well-organized support and adequate facilities for its locators operating in the Cagayan Special Economic Zone Free Port (CSEZFP), FCLRC had to undertake expansion in office space, manpower, transportation, and telecom/utilities and facilities in Cagayan. Hence, the following expenses grew: (1) total people expense by ₱19.9 million; (2) Rental by ₱3.8 million mainly due to an increase in rental rate of CEZA; (3) Depreciation and amortization by ₱5.0 million; (4) Taxes and Licenses by ₱0.1 million ; and (5) 'Others Expenses' by ₱0.9 million. The afore-mentioned increases are however, partly offset with the following decreases in expenses in line with the Company's over-all financial prudence as follows: (1) Communications by ₱6.0 million; (2) Transportation and Travel by ₱9.6 million; and (3) Representation by ₱1.9 million.

LRWC

LRWC posted a consolidated net income (exclusive of minority interest) of ₱170.0 million in 2008; a ₱2.1 million or 1.3% increase from ₱167.9 million in 2007. The growth is mainly attributable to FCLRC's increase in net income. ABLE's reported net income of ₱127.7 million was booked in the consolidated statement of income of the Company to the extent of ₱113.8 million and the difference of ₱14.1 million representing gain resulting from trading of LRWC shares (in effect Treasury Shares). was treated as Additional Paid-In Capital.

Consolidated Financial Condition

The changes in total assets of LRWC and subsidiaries are accounted as follows: (1) Increase in Receivables of ₱150.9 million due mainly to increase in FCLRC trade receivables; (2) Increase in Bingo Cards of ₱5.5 million due to ABLE's increase in inventory level to support its programmed bingo games; (3) Increase in Property and Equipment of ₱147.2 million due to the construction of a new bingo parlor in Muntinlupa as well as renovation of several bingo parlors; (4) Increase in Investments & Advances of ₱20.1 million due to advances to BLRI coupled with equity in net income of joint venture investment and advances to FCCDC ; (5) Increase in Other Assets of ₱79.6 million can be attributed principally to FCLRC's objective in developing CEZA gaming infrastructure located in Sta. Ana, Cagayan, and ABLE's advances to Beau Geste. These increases in total assets was partly offset by: (6) Decrease in Cash of ₱13.9 million due to ABLE and FCLRC's payment to their respective bank loans; (7) Decrease in Prepaid Expenses and Other Current Assets of ₱2.6 million due to the amortization of previous years' prepayments; and (7) Decrease in Due from Related Parties of ₱1.7 million owing to the collection of some of its receivables from related parties. Thus, the total assets of LRWC and subsidiaries as of December 31, 2008 of ₱2,150.6 million increased by ₱385.1 million or 21.8% from ₱1,765.6 million as of December 31, 2007.

There was an increase in Trade and Other Payables of ₱245.7 million attributable mainly to a higher amount of FCLRC's obligations to CEZA. Noncurrent liabilities–Retirement obligation increased by ₱2.6 million; the increase represents the current service cost and amortization of transitional liability charged to operations in 2008; and an increase in Due to Related Parties of ₱4.7 million owing to ABLE & FCLRC's advances to affiliates. Moreover, there were decreases in Short-term loans payable due to principal loan payments made during the year and Income Tax Payable of ₱0.5 million due to FCLRC's decrease in book accruals for 2008.

Cash for December 31, 2008 of ₱100.7 million decreased by ₱13.9 million or 12.2% from ₱114.7 million for the same period last year. The decline is attributable to cash used in financing activities as payments to bank loans and financial lease coupled with cash used in investing activities as additions to property and equipment during the year partly offset by an increase in cash flows from operating activities due to a higher net income in 2008.

Key Performance Indicators

The Company monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

	As Of	
	Dec 31, 2008	Dec 31, 2007
Liquidity		
Current Ratio	59.8%	60.0%
Leverage Ratio		
Debt to Equity	56.3%	43.1%

	Dec 31, 2008	Dec 31, 2007
Net Book Value Per Share	1.62	1.58

	For the Year Ended	
	Dec 31, 2008	Dec 31, 2007
Activity Ratio		
Rate of Payout to Net Revenues	59.2%	60.3%
Profitability Ratio		
Return on Average Equity	15.4%	16.8%
Return on Average Assets	10.3%	12.0%
Earnings Per Share	0.2005	0.2173

The manner by which the Company calculates the above indicators is as follows:

Key Performance Indicator	Formula	2008	2007
Current Ratio	Current Assets / Current Liabilities	405,409,496 / 678,113,164	267,159,452 / 445,374,222
Debt to Equity Ratio	Total Liability / Stockholders' Equity	774,621,788 / 1,376,011,720	531,535,791 / 1,234,041,067
Rate of Payout to Net Revenues	Payout / Net Revenues	1,540,137,116 / 2,602,761,284	1,526,831,224 / 2,530,458,404
Return on Average Equity	Net Income / Average Equity	201,045,227 / 1,305,026,393	193,368,333 / 1,149,592,902
Return on Average Assets	Net Income / Average Total Assets	201,045,227 / 1,958,105,183	193,368,333 / 1,610,453,600
Earnings per Share	Net Income (Net of Minority) / Adjusted weighted average number of shares outstanding	170,036,140 / 848,060,548 *	167,895,528 / 772,614,784
Net Book Value	Total Equity / Adjusted weighted average number of shares outstanding	1,376,011,720 / 848,060,548 *	1,234,041,067 / 772,614,784

The Company believes that the measure of its Liquidity through the Current Ratio is indicative of its ability to convert its asset resources into cash in order to pay current obligations. Generally, the higher the ratio, the better is the liquidity of the Company. As of the year ended 2008, the Company posted a current ratio of 59.8%; a slight decline of 0.2% from 60.0% in 2007.

The Leverage Ratio measures the effectiveness of the Company's financing decisions and risk taking as shown in the Debt to Equity Ratio. It is the relationship between the total debts of the Company and its total stockholders' equity. It measures the total riskiness of the firm in terms of its ability to service both interest and principal payment commitments. The higher the ratio, the higher is the Company's leverage. As of the year ended 2008, the Company reported a debt to equity ratio of 56.3% or a 13.2% increase from 43.1% in 2007.

The Rate of Payout to Net Revenues (Payout Turn-over) is a measure of the Company's efficiency by which it uses its resources to attain its objectives. It determines the effectiveness of the Company's programmed games to generate revenues. As of the year ended 2008, the Payout Turn-over is at 59.2%, a slight decrease of 1.1% as compared to 60.3% in 2007.

The Company measures its profitability in two-ways: (1) Return on Average Equity and (2) Return on Average Assets. The Return on Average Equity measures the residual income that accrues to the stockholders of the Company, while the Return on Average Assets measures the effectiveness of the management of asset resources to produce income. As of the year ended 2008, the Company's Return on Average Equity is 15.4% while the Return on Average Assets is at 10.3% as compared to 16.8% and 12.0% respectively in 2007.

The Company also considers the Earnings per Share and Net Book Value as a useful tool for its stockholders. The Earnings per Share is considered as an important variable in determining a share's price. It is the portion of the Company's profit to each outstanding share, while the Net Book Value is a measure of the Company's net value scaled by the number of shares outstanding. As of the year ended 2008, the Company's Earnings per Share is 0.2005 while the Net Book Value per Share is 1.62 as compared to 0.2173 and 1.58 respectively in 2007.

First Quarter 2010 vs. First Quarter 2009

LRWC Operations

LRWC is functioning basically as a holding company with minimal operations. The company is still focusing its endeavor in supporting the productivity programs of its wholly owned operating subsidiary, AB Leisure Exponent, Inc. (ABLE), its newly incorporated subsidiary, LR Land Developers, Inc. (LRLDI) and its 69.68% owned subsidiary, First Cagayan Leisure and Resort Corporation (FCLRC). Based on PFRS 3, Business Combination, LRWC has not amortized the goodwill on its investments in its subsidiaries. Instead, PFRS 3 requires for an annual test for goodwill impairment. On the basis of the test for impairment of goodwill, there is no need to provide for allowance for impairment for the first quarter of 2010.

LRWC's total operating expenses amounted to ₱2.4 million and ₱2.0 million during the first quarter of 2010 and 2009, respectively.

LRWC recorded its 30% share in losses from Binondo Leisure Resources, Inc. (BLRI) amounting to ₱0.9 million for the first quarter of 2009. However, for the first quarter of 2010, LRWC did not recognize any losses from BLRI as its investment balance has already been consumed.

On December 11, 2007, the Securities and Exchange Commission (SEC) approved the incorporation of a wholly owned subsidiary, Northern Philippines Land and Property Development, Inc. (NPLPDI), whose primary purpose is to engage in the business of purchasing, leasing owning, using, improving, developing, subdividing, selling, mortgaging, exchanging, leasing and holding for investment or otherwise, real estates of all kinds and build or cause to be built on any such land owned, held or occupied for management or disposition buildings, houses, or other structures with their appurtenances. On March 3, 2008, SEC approved the amendment of the Articles of Incorporation changing its name to LR Land Developers, Inc (LRLDI). LRLDI has incurred expenses totaling ₱ 0.4 million and ₱ 0.3 million during the first quarter of 2010 and 2009 respectively. LRWC's consolidated financial statements for the first quarter of 2010 include LRLDI's financial condition and said expenses.

ABLE Operations

Revenues

ABLE generated total sales of ₱903.7 million for the first quarter of 2010, a ₱23.8 million or 2.7% increase from the ₱879.9 million total sales for the same period in 2009. The increase is attributable to the increase in sales of Electronic Bingo by ₱46.6 million or 28.1% and partly offset by the decrease in sales of Traditional Bingo by ₱19.3 million or 3.4% and Instant Charity Bingo by ₱4.4 million or 45.5%.

The traditional bingo remains the Company's principal product line with a sales contribution in the first quarter of 61.6% to total sales. Sales for the first quarter of 2010 was ₱556.2 million, a decrease of ₱19.3 million or 3.4% from ₱575.5 million during the same period in 2009.

E-bingo total sales for the first quarter of 2010 amounted to ₱ 212.8 million, an increase of ₱46.6 million or 28.1% from ₱166.2 million sales during the same period in 2009. The growth in sales was due to the increase in the number of E-bingo machines as well as higher sales generated per machine. As of March 31, 2010, there were a total of 1,891 E-bingo machines in 40 bingo parlors as compared to 1,507 E-bingo machines in 33 bingo parlors in the first quarter of 2009.

ABLE, in its continuing expansion through the introduction of new games, launched Rapid Bingo in August 2005 with 14 terminals in 14 bingo parlors. During the first quarter of 2010, sales from Rapid bingo contributed ₱123.9 million or 13.7% to total sales as compared to ₱122.2 million or 13.9% contribution to total sales for the same period last year. There was an increase in sales amounting to ₱1.7 million or 1.4% from the first quarter of 2010 due to the increase in the number of Rapid bingo terminals. By the end of March 31, 2010, there were a total of 72 Rapid bingo terminals in 57 bingo parlors as compared to 67 Rapid bingo terminals in 53 bingo parlors for the first quarter of last year.

ABLE introduced the Pull Tabs in December 2005 in 32 bingo parlors. During the first quarter of the year, it contributed ₱5.6 million as compared to ₱ 6.4 million for the same period last year.

PAGCOR granted ABLE the authority to be the primary and exclusive distributor of the Instant Charity Bingo Game II (ICBG2) on June 13, 2000. However, because of the poor sales performance, ABLE discontinued the distribution of the cards in 2005. On December 12, 2008, ABLE resumed commercial operations of the ICBG2 scratch cards, it contributed ₱5.3 million to total sales during the first quarter of 2010 as compared to ₱9.7 million for the same period last year.

Expenses

ABLE's consolidated costs and operating expenses for the first quarter of 2010 of ₱594.4 million decreased by ₱6.6 million or 1.1% from ₱601.0 million in 2009. The decrease in expenses can be attributed to the following: (1) Contracted Services of ₱1.1 million or 5.1%; (2) Cards and Supplies of ₱1.4 million or 12.1%; and (3) Communication and Utilities of ₱2.5 million or 6.7% due to management's continuous implementation of ABLE's cost reduction program. These decreases were offset by the following increases in expenses mainly due to the increase in the volume of programmed bingo game operations (Rapid and E-bingo): (1) Employees' Benefit of ₱2.0 million or 9.4% and (2)"Others-net account" of ₱9.7 million or 387.1% owing to enhanced marketing activities for programmed bingo games.

Net Income

ABLE posted a consolidated net income of ₱22.6 million for the first quarter of 2010, a growth of ₱2.4 million or 11.9% from the ₱20.2 million net income for the same period in 2009. The increase in net income is due mainly to the increase in revenues and a slight decrease in operating expenses.

FCLRC Operations

The Cagayan Economic Zone Authority (CEZA), mandated by law to manage Cagayan Special Economic Zone and Free Port (CSEZFP), has authorized FCLRC to license, regulate and supervise the operations of registered online gaming enterprise in CSEZFP. FCLRC, on behalf of CEZA, can issue two types of licenses: (1) interactive gaming licenses which cover all types of online gaming including casinos, lotteries, bingo, sportsbooks; and (2) restrictive licenses which limit the offerings to sports betting only. As the master licensor, FCLRC is entitled to half of the gaming levy imposed by CEZA on the gaming operators in the CSEZFP.

FCLRC generated ₱85.5 million gross revenues for the first quarter of 2010, representing a ₱15.0 or 21.3% increase from last year's first quarter of ₱70.5 million. The growth in revenues is attributable to the increase in number of operating locators as well as an increase in the locators' revenues. For the period ending March 31, 2010, there were 76 licensed locators – 37 of which are operational and 39 are non-operational while for the period ending March 31, 2009, there were 65 licensed locators – 29 of which are operational and 36 non-operational. Hosting fees from restrictive and interactive gaming locators contributed 83.1% to total revenues or ₱ 71.0 million, while license application and renewal fees accounted for ₱14.4 million or 16.9%. Hosting fees of ₱ 60.8 million during the first quarter of 2009 increased by ₱ 10.2 million or 16.8%, while application fees for the same period also increased by ₱ 4.8 million or 49.2%.

FCLRC posted a net income of ₱ 28.9 million for the first quarter of 2010, a ₱ 12.3 million or 73.7% increase versus last year's ₱16.6 million. Total cost and operating expenses of ₱ 24.9 million slightly increased by ₱ 0.3 million or 1.4% from last year mainly due to provide adequate and efficient service to locators operating in the Cagayan Special Economic Zone Freeport (CSEZFP) as follows: (1) Depreciation of ₱ 0.2 million or 5.1%, (2) Taxes and Licenses of ₱0.1 million or 131.5% and (3) "Others" Expenses by ₱ 0.3million or 9.9% partially offset by a decrease in Rental of ₱ 0.4 million or 9.1% owing to the decrease in leased staff houses. The resulting net income in the "Other Income (Expense) account" of ₱ 3.6 million or 184.7% improvement from last year's resulting net income of ₱ 1.9 was mainly due to the increase in Other Income attributable to the rental income derived from gaming facility as agreed upon with locators.

LRWC Consolidated Net Income

As a result of the foregoing developments, LRWC posted a consolidated net income of ₱40.0 million for the first quarter of 2010, a ₱11.3 million or 39.6% increase from the ₱28.7 million consolidated net income of the same period last year. The improvement is mainly due to the increases in net income of FCLRC and ABLE.

Financial Condition – March 31, 2009 vs. December 31, 2008

On a consolidated basis, the Balance Sheet of Leisure & Resorts World Corporation (LRWC) and its subsidiaries, ABLE, LRLDI and FCLRC, remains strong. Total assets as of March 31, 2010 amounted to ₱2,308.2 million which increased by ₱47.0 million or 2.1% from ₱2,261.2 million as of December 31, 2009. Increases in assets are attributable to the following: (1) Prepaid Expenses and Other Current Assets of ₱8.6 million mainly due to prepayment of expenses made during the first few months of the year which will be properly amortized in the future short term periods; and (2) Investments and Advances – net of ₱114.1 million, attributable to ongoing projects which will benefit the Group in the long term. These increases were partly offset by the following decreases: (1) Cash of ₱27.8 million mainly due to investing activities; (2) Bingo Cards and Supplies of ₱2.3 million attributable to the decrease in bingo cards usage as substantiated in ABLE's decrease in revenues from traditional bingo; (3) Other Assets of ₱ 58.4 million mainly due to the recovery of advances to a joint venture entity.

Total Liabilities decreased by ₱1.0 million primarily due to ABLE and FLRC's settlement of liabilities to its trade and other payable creditors, partially offset by an increase in Short-term Loans Payable attributable to ABLE's increased bank borrowings to support its operations.

Cash Flows – Three Months Ended March 31, 2009 vs. March 31, 2008

Cash balance as of March 31, 2010 of ₱74.6 million decreased by ₱ 27.7 million or 27.1% from ₱102.3 million for the same period last year. The decrease is due to Cash used in investing activities in new projects. The decrease was partly offset by the following increases: (1) Cash provided by investing activities owing to the full recovery of advances to a joint venture entity; and (2) Cash availment from short term bank borrowings.

Key Performance Indicators

The Company monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

	As Of	
	March 31, 2010	December 31, 2009
Liquidity		
Current	98%	100%
Leverage Ratio		
Debt to Equity Ratio	46%	47%

	For the Three Months Ended	
	March 31, 2010	March 31, 2009
Profitability Ratio		
Rate of Payout to Net Revenue	59.0%	61.3%
Return on Average Equity	2.6%	2.1%
Return on Average Assets	1.8%	1.3%

The manner by which the Company calculates the above indicators is as follows:

Key Performance Indicator	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Equity Ratio	Total Liability

		2010	2009
		663,407,229 677,936,245	676,944,489 674,975,983
	Stockholders' Equity	725,501,343 1,582,732,849	726,551,026 1,534,649,151
Rate of Payout to Net Revenues	Payout Net Revenues	397,142,690 672,738,282	408,686,014 667,225,203
Return on Average Equity	Net Income Average Equity	40,007,915 1,558,691,000	28,651,737 1,390,910,855
Return on Average Assets	Net Income Average Total Assets	40,007,915 2,284,717,184	28,651,737 2,159,767,190

The Company believes that the measure of its Liquidity through the Current Ratio is indicative of its ability to convert its asset resources into cash in order to pay current obligations. Generally, the higher the ratio, the better is the liquidity of the Company. As of the first quarter ended in 2010, the Company posted a current ratio of 98%; a slight decline of 2% from 100% as of the year ended December 31, 2009.

The Leverage Ratio measures the effectiveness of the Company's financing decisions and risk taking as shown in the Debt to Equity Ratio. It is the relationship between the total debts of the Company and its total stockholders' equity. It measures the total riskiness of the firm in terms of its ability to service both interest and principal payment commitments. The higher the ratio, the higher is the Company's leverage. As of the first quarter ended in 2010, the Company reported a debt to equity ratio of 46% or a slight decline of 1% from 47% during the year ended December 31, 2009.

The Rate of Payout to Net Revenues (Payout Turn-over) is a measure of the Company's efficiency by which it uses its resources to attain its objectives. It determines the effectiveness of the Company's programmed games to generate revenues. As of the first quarter ended in 2010, the Payout Turn-over is at 59.0%, a slight decrease of 2.3% as compared to 61.3% during the same period last year.

The Company measures its profitability in two-ways: (1) Return on Average Equity and (2) Return on Average Assets. The Return on Average Equity measures the residual income that accrues to the stockholders of the Company, while the Return on Average Assets measures the effectiveness of the management of asset resources to produce income. As of the first quarter ended in 2010, the Company's Return on Average Equity is 2.6% while the Return on Average Assets is at 1.8% as compared to 2.1% and 1.3% respectively during the same period in 2009.

The Company and its subsidiaries:

a) Have no known trends or any demands, commitments, events or uncertainties that will result in or that are likely to result in the liquidity increasing or decreasing in any material way;
b) Have no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
c) Have no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period;
d) Have not breached any loans, leases or other indebtedness or financing agreement; and
e) Have no material commitment for capital expenditure, aside from those already discussed as continuous development of new bingo parlors.

Plans for 2010

For 2010, ABLE plans to expand by applying for permits to open new bingo parlors in high traffic areas, specifically in new SM and Robinson's Malls/Supercenters and several other bingo parlors with a smaller area in Metro Manila.

On the other hand, FCLRC's plan for 2010 is to have more licensed and operating locators by the end of the year. Major capital expenditures shall mainly be pertaining to the development of the information technology (IT) and telecommunications facilities of CSEZFP and the development of the Cagayan Business Park. These planned capital expenditures will be funded from internal generated cash from operations. There are no outstanding contracts or commitments between the company and the supplier with regards to these capital expenditures.

Financial Statements

The Annual Audited Consolidated Financial Statements for 2009 and the Interim Consolidated Financial Statements for the first quarter of 2010 are presented separately to form part of this information package.

Information on Independent Accountant and other Related Matters

External Audit Fees and Services

The aggregate fees billed and paid by registrant in favor of its External Auditors for Audit and Audit Related Fees is Pesos: Three Million Three Hundred Thousand (₱3,300,000.00) for the fiscal year 2009 and Pesos: Three Million One Hundred Thousand (₱3,100,000.00) for the fiscal year 2008. These fees comprise the audit and audit related services rendered in favor of registrant and its subsidiaries.

Except for the fees indicated above, there were no tax fees or all other fees billed or paid to registrant's External Auditors for the last two (2) fiscal years.

The audit plan, including the corresponding audit fees, is submitted by the external auditors to the Company's Audit Committee for review. The Audit Committee evaluates and approves the audit fees on the basis of reasonableness, scope of work, inflationary increase and the prevailing market price for such services in the audit industry. If the Audit Committee finds the audit plan and audit fees are in order, these are presented and recommended for final approval of the Board of Directors. As regards to services that may be rendered by the external auditor other than the audit of financial statements, the scope of and payment for the same are subject to review, evaluation and approval by the Board of Directors.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

KMPG Manabat Sanagustin & Co., CPA's served as Company's external auditors for the December 31, 2009 and 2008 Financial Statements. Their appointment was approved during the Company's annual stockholders' meeting held on July 31, 2009.

There were no disagreements with independent accountants on accounting and financial disclosures.

Compliance with Leading Practice on Corporate Governance

The Board of Directors of LRWC and its subsidiaries declares that:

(a) The evaluation system established by the company measures and determines the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance. All directors, officers and employees complied with all the leading practices and principles on good corporate governance embodied in this manual.

(b) There are measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance. All members of the Board of Directors including officers have completed and were duly certified to have attended a seminar on Corporate Governance.

(c) There is no significant undisclosed deviation from the company's Manual of Corporate Governance.

(d) The 2009 Corporate Governance Scorecard for publicly listed companies were duly accomplished and submitted in compliance to SEC Memorandum Circular No. 8 issued on October 10, 2008.

(e) The current manual on corporate governance is addressing critical areas affecting the company's operations;

In as much as the Company's business presently primarily pertain to the gaming operations of its wholly-owned subsidiary, AB Leisure and Exponent, Inc., the Company deems that the management of the various Bingo halls all over the country from which it derives its cash revenues from customers, is the more critical area of concern for the Company. In view of the same, in addition to the Anti-Fraud Procedures adopted by ABLE, the Company's Audit Committee conducts regular meetings with the Internal Audit of ABLE to discuss any significant findings and deviations from the established procedures. No such significant finding and deviations have been reported so far.

(f) As of April 8, 2010 there are no existing plans to amend the Company's Manual of Corporate Governance.

SEC FORM 17-A

The Company shall provide to the stockholders, without charge, on written request, the Annual Report of the company on SEC Form 17-A. All such requests for a copy of the Annual Report shall be directed to:

The Corporate Secretary
Leisure & Resorts World Corporation
26/F West Tower, PSE Center, Exchange Road
Ortigas, Pasig City

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 hereunto duly authorized.

LEISURE & RESORTS WORLD CORPORATION
Issuer
By:

BIENVENIDO M. SANTIAGO
Corporate Secretary

LRWC
LEISURE & RESORTS WORLD CORPORATION
STOCK SYMBOL: LR

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management of **Leisure & Resorts World Corporation and its Subsidiaries** is responsible for all information and representations contained in the financial statements for the years ended December 31, 2009 and 2008. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the company's audit committee and to its external auditor, (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the Company.

KPMG Manabat Sanagustin & Co., the independent auditors and appointed by the stockholders, has examined the financial statements of the company in accordance with the Philippine Auditing Standards and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

Signed Under Oath By:

Reynaldo P. Bantug Chairman	**Alfredo Abelardo B. Benitez** President	**Geoffrey L. Uymatiao** Treasurer

April 8, 2010

APR 14 2010

SUBSCRIBED AND SWORN before me this ____ day of ______ affiants exhibiting to me their Community Tax Certificates as follow:

Names	Community Tax No.	Date of Issue	Place of Issue
Reynaldo P. Bantug	19297060	January 7, 2010	Victorias, Negros Occidental
Alfredo Abelardo B. Benitez	19297077	January 7, 2010	Victorias, Negros Occidental
Geoffrey L. Uymatiao	31099373	February 4, 2010	Pasig City

Doc. No.: 151
Page No. 31
Book No. LXIII
Series of 2010

ATTY. DELFIN R. AGCAOILI JR.
NOTARY PUBLIC
PTR# 9226235 - Mla. 1/07/2010
IBP# 794114 / ROLL# 24655

AB LEISURE EXPONENT, INC. First Cagayan LAND BINONDO SUITES

Manabat Sanagustin & Co., CPAs
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Branches · Subic · Cebu · Bacolod · Iloilo

Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail manila@kpmg.com.ph

PRC-BOA Registration No. 0003
SEC Accreditation No. 0004-FR-2
BSP Accredited

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Leisure & Resorts World Corporation and Subsidiaries
26th Floor, West Tower, PSE Center
Exchange Road, Ortigas Center
Pasig City

We have audited the accompanying consolidated financial statements of Leisure & Resorts World Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2009 and 2008, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2009, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Leisure & Resorts World Corporation and Subsidiaries as at December 31, 2009 and 2008, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2009 in accordance with Philippine Financial Reporting Standards.

MANABAT SANAGUSTIN & CO., CPAs

JOSE P. JAVIER, JR.
Partner
CPA License No. 0070807
SEC Accreditation No. 0678-A
Tax Identification No. 112-071-224
BIR Accreditation No. 08-001987-16-2007
Issued December 11, 2007; Valid until December 10, 2010
PTR No. 2092699MB
Issued January 7, 2010 at Makati City

April 8, 2010
Makati City, Metro Manila

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2009**	2008
ASSETS			
Current Assets			
Cash	*4, 27*	**P102,348,403**	P100,749,379
Receivables - net	*5, 27*	**493,920,365**	272,293,794
Bingo cards	*6*	**18,206,039**	18,747,805
Prepaid expenses and other current assets	*7*	**21,128,668**	6,569,515
Due from related parties	*22, 27*	**41,341,014**	7,049,003
Total Current Assets		**676,944,489**	405,409,496
Noncurrent Assets			
Property and equipment - net	*8, 14*	**172,794,301**	179,591,261
Investment properties	*9*	**77,373,494**	59,910,000
Investments and advances - net	*10*	**234,386,692**	249,127,294
Goodwill - net	*11*	**530,988,731**	530,988,731
Other assets - net	*12, 17, 18, 27*	**568,712,470**	725,606,726
Total Noncurrent Assets		**1,584,255,688**	1,745,224,012
		P2,261,200,177	P2,150,633,508
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans payable	*13, 21, 27*	**P98,057,099**	P76,740,400
Trade and other payables	*12, 15, 16, 27*	**543,737,292**	538,931,372
Income tax payable		**4,722,909**	1,752,413
Due to related parties	*22, 27*	**9,070,691**	16,133,220
Current portion of obligations under finance lease	*14 ,21, 27*	**5,987,992**	5,393,938
Current portion of long-term loans payable	*13, 21, 27*	**13,400,000**	39,161,821
Total Current Liabilities		**674,975,983**	678,113,164
Noncurrent Liabilities			
Obligations under finance lease - net of current portion	*14,21, 27*	**3,322,755**	8,522,305
Long-term loans payable - net of current portion	*13, 21, 27*	**19,200,000**	62,600,000
Retirement benefits liability	*20*	**29,052,288**	25,386,319
Total Noncurrent Liabilities		**51,575,043**	96,508,624
		726,551,026	774,621,788

Forward

		December 31	
	Note	**2009**	2008
Equity			
Equity Attributable to Equity Holders of the Parent Company	*16*		
Capital stock		**P849,877,094**	P772,614,784
Additional paid-in capital		**128,881,859**	128,881,859
Retained earnings		**488,815,290**	413,514,404
Treasury shares		**(19,780,317)**	(10,880,051)
		1,447,793,926	1,304,130,996
Non-controlling Interest		**86,855,225**	71,880,724
Total Equity		**1,534,649,151**	1,376,011,720
		P2,261,200,177	P2,150,633,508

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2009**	2008	2007
REVENUES				
Traditional bingo	*17*	**P2,294,157,211**	P2,247,031,062	P2,339,968,269
Electronic bingo - net	*17, 26*	**773,873,672**	588,812,997	516,508,808
Rapid bingo - net	*17, 26*	**484,200,110**	431,396,739	411,243,062
Service and hosting fees	*18*	**301,850,830**	397,047,424	326,004,111
Pull tabs	*17*	**24,955,570**	33,640,600	21,071,510
Instant charity bingo	*12, 17*	**28,462,200**	1,199,360	-
		3,907,499,593	3,699,128,182	3,614,795,760
FRANCHISE FEES AND TAXES	*17, 18*	**1,200,346,957**	1,096,366,898	1,084,337,356
NET REVENUES		**2,707,152,636**	2,602,761,284	2,530,458,404
COST AND OPERATING EXPENSES				
Payouts		**1,607,457,261**	1,540,137,116	1,526,831,224
Rent	*19*	**209,337,836**	181,677,416	175,170,889
Salaries and wages		**157,377,453**	149,260,533	116,143,893
Communication and utilities		**151,407,185**	148,455,567	154,578,697
Contracted services		**100,011,088**	93,261,010	85,925,973
Employee benefits	*20*	**70,552,306**	52,122,035	54,601,184
Bingo cards	*6*	**43,238,966**	58,197,322	42,555,582
Depreciation and amortization	*8, 12*	**63,065,248**	46,475,211	38,826,347
Taxes and licenses		**19,601,629**	18,255,677	16,929,562
Transportation and travel		**7,264,580**	17,158,803	21,948,058
Marketing supplies and materials		**18,625,303**	17,743,227	18,933,634
Others		**45,338,304**	52,454,063	55,447,890
		2,493,277,159	2,375,197,980	2,307,892,933
OPERATING INCOME		**213,875,477**	227,563,304	222,565,471
OTHER INCOME (EXPENSE)				
Equity in net earnings of a joint venture	*10*	**29,007,533**	8,747,983	-
Finance expense - net		**(42,214,973)**	(39,019,165)	(21,480,201)
Foreign exchange gain (loss) - net		**(3,712,419)**	13,819,452	1,326,416
Equity in net loss of an associate	*10*	**-**	(2,784,060)	(2,253,028)
Other income	*21*	**48,987,619**	-	-
		32,067,760	(19,235,790)	(22,406,813)
INCOME BEFORE INCOME TAX		**245,943,237**	208,327,514	200,158,658
INCOME TAX EXPENSE	*23*	**7,568,883**	7,282,287	6,790,325
NET INCOME		**P238,374,354**	P201,045,227	P193,368,333
TOTAL COMPREHENSIVE INCOME		**P238,374,354**	P201,045,227	P193,368,333
Attributable to:				
Owners of the Parent Company		**P201,237,953**	P170,036,140	P167,895,528
Non-controlling interest		**37,136,401**	31,009,087	25,472,805
		P238,374,354	P201,045,227	P193,368,333
Basic/Diluted Earnings Per Share	*24*	**P0.2398**	P0.2005	P0.1976

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

		2009		2008		2007	
	Note	**Number of Shares**	**Amount**	Number of Shares	Amount	Number of Shares	Amount
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY							
CAPITAL STOCK	*16*						
Authorized							
Common shares - P1 par value		**1,600,000,000**		1,600,000,000		1,600,000,000	
Issued							
Common shares at beginning of year		**772,614,784**	**P772,614,784**	772,614,784	P772,614,784	772,614,784	P772,614,784
Issuances for the year	*16*	**77,262,310**	**77,262,310**	-	-	-	-
Common shares at end of year		**849,877,094**	**849,877,094**	772,614,784	772,614,784	772,614,784	772,614,784
ADDITIONAL PAID-IN CAPITAL							
Balance at beginning of year			**128,881,859**		114,790,986		114,790,986
Sale of treasury shares	*16*		**-**		14,090,873		-
Balance at end of year			**128,881,859**		128,881,859		114,790,986
RETAINED EARNINGS							
Balance at beginning of year			**413,514,404**		289,835,151		145,118,067
Net income for the year			**201,237,953**		170,036,140		167,895,528
Cash dividends declared	*16*		**(48,674,757)**		(46,356,887)		(23,178,444)
Stock dividends declared	*16*		**(77,262,310)**		-		-
Balance at end of year			**488,815,290**		413,514,404		289,835,151
COST OF TREASURY SHARES							
Balance at beginning of year		**(9,245,000)**	**(10,880,051)**	-	-	-	-
Acquisitions for the year	*16*	**(8,938,000)**	**(8,900,266)**	(9,245,000)	(10,880,051)	-	-
Effect of stock dividends declared		**(1,497,500)**	**-**	-	-	-	-
Balance at end of year		**(19,680,500)**	**(19,780,317)**	(9,245,000)	(10,880,051)	-	-
			1,447,793,926		1,304,130,996		1,177,240,921
NON-CONTROLLING INTEREST							
Balance at beginning of year			**71,880,724**		56,800,146		32,620,901
Net income for the year			**37,136,401**		31,009,087		25,472,805
Dividends received	*21*		**(22,161,900)**		(15,928,509)		(1,293,560)
Balance at end of year			**86,855,225**		71,880,724		56,800,146
			P1,534,649,151		P1,376,011,720		P1,234,041,067

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	2009	2008	2007
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P245,943,236**	P208,327,514	P200,158,658
Adjustments for:				
Depreciation and amortization	*8, 12*	**63,065,248**	46,475,211	38,826,347
Finance expense	*21*	**19,288,765**	39,390,295	22,482,090
Unrealized foreign exchange loss (gain)		**3,725,435**	(7,610,192)	2,791,426
Equity in net earnings of a joint venture	*10*	**(29,007,533)**	(8,747,983)	-
Dividend income	*21*	**(965,855)**	(160,350)	(739,180)
Finance income	*21*	**(171,653)**	(210,780)	(262,709)
Equity in net loss of an associate	*10*	**-**	2,784,060	2,253,028
Operating income before working capital changes		**301,877,643**	280,247,775	265,509,660
Decrease (increase) in:				
Receivables		**(57,394,538)**	(142,559,879)	(30,631,288)
Bingo cards		**541,766**	(5,533,788)	1,116,497
Prepaid expenses and other current assets		**(14,559,153)**	2,607,362	9,729,416
Increase (decrease) in:				
Trade and other payables		**6,070,296**	245,170,215	31,929,901
Due to related parties		**(7,062,529)**	4,734,341	493,495
Retirement benefits liability		**3,665,969**	2,624,750	6,019,738
Cash generated from operations		**233,139,454**	387,290,776	284,167,419
Interest received		**171,653**	210,780	262,709
Interest paid		**(19,288,765)**	(39,390,295)	(22,482,090)
Income taxes paid		**(4,598,387)**	(7,758,630)	(9,943,089)
Net cash provided by operating activities		**209,423,955**	340,352,631	252,004,949
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	*8*	**(53,409,020)**	(77,032,759)	(42,397,856)
Acquisitions of investment properties		**(17,463,494)**	(59,710,000)	(200,000)
Acquisitions of operating licenses		**-**	(4,253,690)	-
Decrease (increase) in:				
Due from related parties		**(34,292,012)**	1,676,818	30,300,268
Other assets		**(14,838,222)**	(111,854,771)	(202,497,134)
Investments and advances	*10*	**43,748,135**	(14,133,435)	(40,321,746)
Dividends received	*21*	**965,855**	160,350	739,180
Net cash used in investing activities		**(75,288,758)**	(265,147,487)	(254,377,288)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans payable		**38,250,000**	37,650,000	105,780,000
Payments of loans payable		**(86,095,122)**	(61,097,779)	-
Dividends paid	*16*	**(48,674,756)**	(45,792,319)	(22,898,628)
Dividends paid to non-controlling interest		**(22,161,900)**	(15,928,509)	(1,293,560)
Acquisitions of treasury shares		**(8,900,266)**	(81,659,750)	-
Payments of obligations under finance lease		**(4,605,496)**	(6,416,994)	-
Sale of treasury shares	*16*	**-**	84,870,572	-
Net cash provided by (used in) financing activities		**(132,187,540)**	(88,374,779)	81,587,812

Forward

			Years Ended December 31	
	Note	**2009**	2008	2007
NET INCREASE (DECREASE) IN CASH		**P1,947,657**	(P13,169,635)	P79,215,473
EFFECT OF EXCHANGE RATE CHANGES ON CASH		**(348,633)**	(768,388)	(3,134,524)
CASH AT BEGINNING OF YEAR		**100,749,379**	114,687,402	38,606,453
CASH AT END OF YEAR	*4*	**P102,348,403**	P100,749,379	P114,687,402

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Leisure & Resorts World Corporation (the "Parent Company" or "LRWC") was registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1957. The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities") and the Group's interest in an associate and in a joint venture. The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed in the Philippine Stock Exchange (PSE). The Group's primary purpose is to engage in leisure business which includes management and operation of the activities conducted therein pertaining to general amusement and recreation enterprise, hotel and gaming facilities, including but not limited to bingo parlors.

On September 30, 2005, the shareholders of the Parent Company approved the extension of the corporate existence of the Parent Company until the year 2055.

The Parent Company's registered office address is at 26th Floor, West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City.

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The consolidated financial statements of the Group as of December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009 were approved and authorized for issue by the Board of Directors (BOD) on April 8, 2010.

Basis of Measurement
The consolidated financial statements have been prepared on the historical cost basis.

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries as of December 31, 2009 and 2008:

Subsidiaries	Percentage of Ownership
AB Leisure Exponent, Inc. (ABLE) and Subsidiaries	100
LR Land Developers, Inc. (LRLDI) [formerly Northern Philippines Land and Property Development, Inc. (NPLPDI)]	100
First Cagayan Leisure & Resorts Corporation (FCLRC)	69.68

ABLE

ABLE was registered with the SEC on March 31, 1995. Its primary purpose is to provide amusements and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

In October 1999, the BOD of the Parent Company approved the Share Exchange Agreements (Agreements) with the shareholders of ABLE, an operator of a number of bingo parlors, for the acquisition of the entire outstanding capital stock of ABLE in exchange for 750 million new shares of the Parent Company valued at P750 million. By virtue of the Agreements, ABLE became a wholly-owned subsidiary of the Parent Company. Further discussion on this matter is included in Note 16 to the consolidated financial statements.

LRLDI

On December 10, 2007, the Parent Company incorporated LRLDI, formerly Northern Philippines Land and Property Development, Inc. (NPLPDI), as its wholly-owned subsidiary. It is engaged in realty development and tourism. LRLDI has not started commercial operations as of December 31, 2009.

On March 3, 2008, the SEC approved the amendment of the Articles of Incorporation changing the name of this subsidiary from NPLPDI to LR Land Developers, Inc.

FCLRC

FCLRC was incorporated on April 26, 2000 and is presently a Cagayan Special Economic Zone and Freeport (CSEZFP) registered enterprise. FCLRC has an existing License Agreement with the Cagayan Economic Zone Authority (CEZA) to develop, operate and conduct internet and gaming enterprises and facilities in the CSEZFP. Pursuant to the License Agreement, FCLRC was issued the "CEZA Master Licensor Certificate" certifying that FCLRC is duly authorized to regulate and monitor, on behalf of CEZA, all activities pertaining to the licensing and operation of interactive games.

The consolidated financial statements also include the following indirect subsidiaries owned through ABLE:

	Percentage of ownership	
Subsidiaries	**2009**	2008
Alabang Numbers & Gaming Corporation	**100**	100
Allpoint Leisure Corporation	**100**	100
Bingo Extravaganza, Inc.	**100**	100
Bingo Gallery, Inc.	**100**	100
Bingo Palace Corporation	**100**	100
Cebu Entertainment Gallery, Inc.	**100**	100
Fiesta Gaming and Entertainment Corporation*	**100**	100
First Leisure & Game Co., Inc.	**100**	100
Galleria Bingo Corporation	**100**	100
G-One Gaming & Technology, Inc.	**100**	100
Highland Gaming Corporation	**100**	100
Iloilo Bingo Corporation	**100**	100
Metro Gaming Entertainment Gallery, Inc.	**100**	100
Rizal Gaming Corporation	**100**	100
SG Amusement Recreation Corp.	**100**	100
South Bingo Corporation	**100**	100
South Entertainment Gallery Incorporated	**100**	100
Topmost Gaming Corp.	**100**	100
Bingo Dinero Corporation	**95**	95
Bingo Zone, Inc.*	**95**	95
Manila Bingo Corporation	**95**	95
Isarog Gaming Corporation	**90**	90
One Bingo Place, Incorporated	**80**	80
Summit Bingo, Inc.	**60**	60

** Non-operating subsidiaries*

The above companies are all incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interest represents interest in certain subsidiaries not held by the Group. When cumulative losses applicable to non-controlling interest exceed the minority's interest in the subsidiary's capital, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make good on such losses. If the subsidiary subsequently reports profits, the Group's interest is allocated to all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Transactions Eliminated on Consolidation
Intra-group balances, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Parent Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency, and all financial information is rounded to the nearest peso, unless otherwise stated.

Use of Estimates and Judgments
The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is as follows:

Operating Leases - As a Lessee and As a Lessor
The Group entered into various lease agreements as lessee and as lessor. For lease agreements where the Group is the lessee, the Group determined that the lessors retain all significant risks and rewards of ownership of these properties which are leased out under operating lease agreements. For lease agreements where the Group is the lessor, the Group assessed that it retains substantially all the risks and rewards of ownership of the leased assets.

Rent expense recognized in profit or loss in 2009, 2008, and 2007 amounted to P209,337,836, P181,677,416 and P175,170,889, respectively (see Note 19), while rent income recognized in profit or loss in 2009 amounted to P18,681,195.

Finance Leases - As a Lessee
ABLE entered into various lease agreements as lessee where ABLE will assume all significant risks and rewards of ownership of the assets which are leased out under finance lease agreements (see Note 14).

As of December 31, 2009 and 2008, the carrying amounts of leased vehicles, included under "Property and equipment" account in the consolidated statements of financial position amounted to P14,953,145 and P19,111,090, respectively (see Notes 8 and 14).

Estimating Allowance for Impairment Losses on Receivables, Advances to a Third Party and Due from Related Parties
The Group performs regular review of the age and status of its receivables, advances to a third party and due from related parties, designed to identify accounts with objective evidence of impairment and provides these with the appropriate allowance for impairment losses. The review is accomplished using a combination of specific and collective assessment approaches, with the impairment losses being determined for each risk grouping identified by the Group. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies.

As of December 31, 2009 and 2008, the carrying value of receivables, including amounts due from related parties, of the Group amounted to P535,261,379 and P279,342,797, respectively, and the related allowance for impairment losses amounted to P1,500,000 (see Notes 5 and 27).

As of December 31, 2009 and 2008, the carrying value of advances to Beau Geste Corporation (included under "Other assets" account in the consolidated statements of financial position) amounted to P60,000,000 and P57,311,223, respectively (see Note 12). No impairment loss was recognized in respect of these advances.

Estimating Net Realizable Value of Inventories
In determining the net realizable value (NRV) of inventories, the Group considers inventory obsolescence, damages, physical deterioration, changes in price levels, changes in consumer demands, introduction of new bingo games or other causes to identify inventories which are to be written down to NRV. The Group reduced the cost of inventories to recoverable value at a level considered adequate to reflect market decline in value of the recorded inventories.

The Group has written-off bingo cards in 2008 amounting to P10,197,124. As of December 31, 2009 and 2008, the bingo cards were valued at their costs amounting to P18,206,039 and P18,747,805, respectively (see Note 6).

Estimating Useful Lives of Property and Equipment and Intangible Assets
The Group annually reviews the estimated useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear and technical and commercial obsolescence.

In addition, estimation of the useful lives of property and equipment and intangible assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar asset. It is possible however, that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property and equipment and intangible assets would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

The estimated useful lives are as follows:

	Number of Years
Bingo equipment and paraphernalia	5 years
Leasehold improvements	5 years or lease term, whichever is shorter
Office furniture, fixtures and equipment	5 years
Transportation equipment	5 years

Intangible assets are amortized over the term of the contract with Cagayan Special Economic Zone Freeport (CSEZFP) or economic life of 25 years, whichever is shorter.

The Group's accumulated depreciation and amortization of property and equipment amounted to P236,658,168 and 209,120,862 as of December 31, 2009 and 2008, respectively. The carrying amounts of property and equipment amounted to P172,794,301 and P179,591,261 as of December 31, 2009 and 2008, respectively (see Note 8).

Estimating Allowance for Impairment Losses on Nonfinancial Assets
PFRS requires that an impairment review be performed on property and equipment, investment properties, investments, goodwill and other assets when events or changes in circumstances indicate that the carrying value may not be recoverable. Determining the net recoverable value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the results of operations.

As of December 31, 2009 and 2008, the following are the carrying amounts of other nonfinancial assets:

	Note	**2009**	2008
Property and equipment	*8*	**P172,794,301**	P179,591,261
Investment properties	*9*	**77,373,494**	59,910,000
Investments	*10*	**40,908,915**	8,151,382
Goodwill	*11*	**530,988,731**	530,988,731
Other assets	*12*	**387,279,471**	188,888,220

As of December 31, 2009 and 2008, there was no indication of impairment on the Company's property and equipment, investment properties, investments, goodwill and other assets in 2009 and 2008 (see Notes 8, 9, 10, 11 and 12).

Estimating Realizability of Deferred Tax Asset
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As of December 31, 2009 and 2008, the net operating loss carryover (NOLCO) from which no deferred tax asset has been recognized amounted to P26,583,615 and P25,487,706, respectively (see Note 23).

Estimating Retirement Cost
The determination of the obligation and cost of retirement is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include among others, discount rates and salary increase rates. In accordance with PFRS, actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future period.

The Group has unrecognized actuarial gains amounting to P12,931,888 as of December 31, 2009 (see Note 20).

Asset Retirement Obligations
Determining asset retirement obligations requires estimation of the cost of dismantling property and equipment and other costs of restoring the leased properties to their original condition. The Group determined that there are no significant asset retirement obligations as of December 31, 2009 and 2008.

Provisions and Contingencies
The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations in, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

As of December 31, 2009 and 2008, the Group does not have any contingent legal or constructive obligation that requires provision or disclosure.

3. Significant Accounting Policies

<u>Adoption of New or Revised Standards and Amendments to Standards and Interpretations</u>
The Financial Reporting Standards Council approved the adoption of a number of new or revised standards, amendments to standards, and interpretations [based on International Financial Reporting Interpretations Committee (IFRIC) Interpretations] as part of PFRS. Accordingly, the Group changed its accounting policies in the following areas:

Adopted as of January 1, 2009

- Revised Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements (2007)*, introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

  As a result of the adoption of Revised PAS 1, the Group presents all non-owner changes in equity in the consolidated statements of changes in equity and consolidated statements of comprehensive income.

  The Group has no other comprehensive income in 2009, 2008 and 2007.

- PFRS 8, *Operating Segments,* introduces the "management approach" to segment reporting.

  The Group already determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer (CEO). The accounting policy in respect of segment operating disclosures is presented as follows:
  - An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.
  - Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.
  - Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

- *Improvements to PFRS 2008* - Amendments to PAS 40, *Investment Property,* specifies that property under construction or development for future use as investment property is included in the definition of "investment property".

  As a result of the adoption of the Amended PAS 40, *Investment Property,* LRLDI reclassified property under construction or development for future use amounting to P59,710,000 as investment property. This was previously presented as "Construction-in progress" account. There was no impact in profit or loss arising from the reclassification.

- *Improvements to PFRS 2008,* discusses 35 amendments and is divided into two parts: (a) Part I includes 24 amendments that result in accounting changes for presentation, recognition or measurement purposes; and (b) Part II includes 11 terminology or editorial amendments that the IASB expects to have either no or only minimal effects on accounting. The adoption of these amendments did not have any significant impact on the Group's consolidated financial statements.

New or Revised Standards, Amendments to Standards and Interpretation Not Yet Adopted

The Group will adopt the following new or revised standards, amendments to standards and interpretation on the respective effective dates:

- Revised PFRS 3, *Business Combinations* (2008), effective for annual periods beginning on or after July 1, 2009, incorporates the following changes that are likely to be relevant to the Group's operations:

  - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
  - Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
  - Transaction costs, other than share and debt issue costs, will be expensed as incurred.
  - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in profit or loss.
  - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

  The adoption of this revised standard is not expected to have any significant impact on the Group's consolidated financial statements.

- Revised PAS 27, *Consolidated and Separate Financial Statements (2008)*, effective for annual periods beginning on or after July 1, 2009, requires accounting for changes in ownership interests by the Company in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Company loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The adoption of this revised standard is not expected to have any significant impact on the Group's consolidated financial statements.

- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners,* provides guidance on the accounting for non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. It also applies to distributions in which the owners may elect to receive either the non-cash asset or a cash alternative. The liability for the dividend payable is measured at the fair value of the assets to be distributed. This interpretation is effective for annual periods beginning on or after July 1, 2009. The adoption of this interpretation is not expected to have significant impact on the Group's consolidated financial statements.

- *Improvements to PFRS 2009*, include 15 amendments to 12 standards. Some of these amendments may have significant implications for current practice. In particular, the amendments to PAS 17 *Leases* may affect the classification of leases of land and buildings, particularly in jurisdictions in which such leases often are for a long period of time. The improvements are generally effective for annual periods beginning on or after January 1, 2010. The Group will assess the impact of these amendments upon its adoption.

- PFRS 9 *Financial Instruments*, is the first standard issued as part of a wider project to replace PAS 39. PFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. The guidance in PAS 39 on impairment of financial assets and hedge accounting continues to apply. The new standard is effective for annual periods beginning on or after January 1, 2013. The Group will assess the impact of this new standard upon its adoption.

The following summarizes the accounting policies which are applied consistently to all periods presented in these consolidated financial statements:

Financial Instruments

Financial assets comprise cash, receivables, due from related parties and advances to other non-related parties. Financial liabilities consist of short-term and long-term loans payable, trade and other payables, due to related parties and obligations under finance lease.

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes directly attributable transaction costs.

Subsequent to initial recognition, the Group classifies its financial assets in the following categories: held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, FVPL financial assets, and loans and receivables. The Group classifies its financial liabilities as either FVPL financial liabilities or other financial liabilities. The classification depends on the purpose for which the financial assets are acquired or the financial liabilities are incurred, and whether the instruments are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group has no HTM investments, AFS financial assets and FVPL financial assets and liabilities as of December 31, 2009 and 2008.

Determination of Fair Value. The fair value of financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flows method, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

The measurement of non-derivative financial instruments subsequent to initial recognition is described below:

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial asset at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any impairment in value. Any interest earned on loans and receivables shall be recognized as part of "Finance income (expense) - net" in profit or loss on an accrual basis. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Cash includes cash on hand and in banks and payout funds, and are stated at face value.

The Group's cash in banks, receivables, due from related parties, advances to related parties under "Investments and advances" and advances to Beau Geste under "Other assets", are included in this category (see Notes 4, 5, 10, 12, 22 and 27).

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. Other financial liabilities are measured initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and directly attributable transaction costs. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The Group's trade and other payables, due to related parties, obligations under finance lease and short-term and long-term loans are included in this category (see Notes 13, 14 and 22).

<u>Derecognition of Financial Instruments</u>
Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

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

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets
The Group assesses at reporting date whether a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost. For assets carried at amortized cost such as loans and receivables, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective assessment of impairment.

Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material.

The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The impairment loss for the period shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or

- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting Financial Instruments
Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross in the consolidated statements of financial position.

Bingo Cards
Bingo cards are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the current replacement cost.

Investments and Advances
The Group's investments in an associate and a joint venture is accounted for under the equity method in the consolidated financial statements. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. A joint venture is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Under the equity method, investments in an associate and a joint venture is carried in the consolidated statements of financial position at cost plus post-acquisition changes in the share of net assets, less any impairment in value. When the Group's share of losses exceeds the cost of the investments in an associate and a joint venture, the carrying amount of that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and the joint venture.

The Group normally contributes cash or other resources to its investments in an associate and a joint venture. These contributions are included in the accounting records of the Group and recognized in its consolidated financial statements as part of its investments in an associate and a joint venture.

Investments in companies over which the Group has no control or significant influence are carried at cost less any impairment in value.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation, amortization and impairment losses, if any. Land is carried at cost less any impairment in value.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditures that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset, in excess of the originally assessed standard of performance, will flow to the Group. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of property and equipment. Leasehold improvements are amortized using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Investment Properties
Investment properties consist of land and building, held to earn long-term rental yields or for capital appreciation or both, and that is not occupied by the Group or held for sale in the ordinary course of business. Land is carried at cost less any impairment in value. The initial cost of land comprises its purchase price including taxes and any directly attributable costs in bringing it to its intended use. Investment properties are carried at cost less accumulated depreciation, amortization and impairment losses, if any.

Investment property also includes property that is being constructed or developed for future use as investment property and is stated at cost. The cost includes the costs of construction and other direct costs. Borrowing costs that are directly attributed to the construction are capitalized during construction period. Construction in-progress is not depreciated until such time that the relevant assets are ready for use.

Depreciation is computed using the straight-line method over the estimated useful life of the investment property, except land.

The estimated useful life of the two-storey building, once completed, is assessed to be 25 years.

The estimated useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the assets.

Investment property is derecognized when it has either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from their disposal. Any gains and losses on the derecognition of investment property is recognized in the profit or loss in the year of derecognition. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

LRLDI's investment property comprises of land and a two-storey building under construction.

Operating Licenses

Operating licenses acquired separately are measured on initial recognition at cost. The cost of operating licenses acquired in a business combination is its fair value as at the date of acquisition. Subsequently, operating licenses are measured at cost less impairment losses, if any.

The Group assessed the useful life of the operating licenses to be indefinite because based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group.

Operating licenses are tested for impairment annually, either individually or at the cash-generating unit level. Such are not amortized. The useful life of the operating licenses with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from disposition of operating licenses are measured as the difference between the disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Goodwill

Goodwill acquired is initially measured as the excess of the cost of the acquisition over the Parent Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the resulting amount is negative (negative goodwill), it is recognized immediately in profit or loss. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Negative goodwill, which is the excess of the net fair values of acquired identifiable nonmonetary assets of subsidiaries and associates over the cost of acquisition, is charged directly to profit or loss.

When subsidiaries are sold, the difference between the selling price and the subsidiary's net asset plus goodwill associated with the investment are recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets such as property and equipment, investment properties, investments in an associate and other assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized in profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of a nonfinancial asset is the greater of the asset's fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties less costs to sell while value in use is the present value of estimated future cash flows expected to be generated from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized. Reversals of impairment are recognized in profit or loss.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Capital Stock

Common stock is classified as equity. Incremental costs directly attributable to the issuance of shares of common stock are recognized as a deduction from equity, net of any tax effects.

Treasury Shares

When share capital is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is transferred to additional paid-in capital, while the resulting deficit is transferred to additional paid-in capital and retained earnings, for any excess of deficit over the additional paid-in capital arising from treasury shares transactions.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Traditional Bingo

Gross revenue is recognized as revenue upon sale of bingo cards.

Electronic Bingo

Gross revenue (gross sales less payouts) is recognized as revenue upon conclusion of the game.

Rapid Bingo

Gross sales (total amount wagered or bets) are recognized as revenue upon conclusion of the game.

Pull Tabs

Pull tabs receipts are recognized as revenue upon sale of the cards.

Instant Charity Bingo Game 2(ICBG2)

ICBG2 games are referred to as "scratch card" sales. Scratch cards receipts are recognized as revenue upon the sale of cards.

Service and Hosting Fees

Service fees are recognized as revenue upon processing of locators' application for a franchise. Hosting fees are recognized as revenue upon accrual of a gaming levy to locators, which is equivalent to 1% of locators' revenue less payouts.

Finance and Other Income and Finance Expenses

Finance income comprises interest income on bank deposits and funds invested, dividend income, and gains on the disposal of financial assets that are recognized in the consolidated profit or loss.

- *Interest income* is recognized as it accrues in the consolidated profit or loss, using the effective interest method.

- *Dividend income* is recognized in the consolidated profit or loss on the date that the Group's right to receive payment is established.

Other income comprises rental of gaming facility, fees for management services and miscellaneous income from operations.

- *Rental of gaming facility* is recognized based on the agreement with the locators.

- *Commission income* are recognized when services are rendered.

Finance expenses comprise interest expense on borrowings and loss on disposal of financial assets that are recognized in profit or loss.

- *Interest expense* is recognized using the effective interest method.

- *Foreign currency gains and losses* are reported on a net basis.

Cost and Expense Recognition
The consolidated financial statements are prepared on the accrual basis of accounting. Under this basis, costs and expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred.

Payouts representing payments to winners of bingo games, are recognized as expense upon conclusion of the game.

Leases
Finance Lease - As a Lessee
Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

Capitalized leased assets are depreciated over the shorter of the estimated useful lives of the assets or the respective lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating Leases
Leases where lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the Group's benefit.

Retirement Obligation
The Group's net obligation in respect of its retirement plan is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date of long-term government bonds that have maturity dates approximating the terms of the Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

In calculating the Group's obligation in respect to the plan, to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10 percent of present value of the defined benefit obligation of the prior year, that portion is recognized in profit or loss in the current year over the expected average remaining working lives of the employees in the subsequent years. Otherwise, the actuarial gain or loss is not recognized.

Transitional liability as of January 1, 2005, the date of the adoption of PAS 19, Employee *Benefits*, is recognized as an expense over five years from the date of adoption.

Income Taxes
Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current Tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and the carryforward tax benefits of the net operating loss carry-over (NOLCO). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Transactions
Transactions denominated in foreign currencies are recorded in Philippine peso using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated in Philippine peso using the exchange rate at reporting date. Exchange rate differences arising from the settlement of monetary items at rates different from those at which they were initially recorded and restated at reporting date, are recognized in profit or loss in the period in which they arise.

Foreign currency gains or losses are reported on a net basis.

Segment Reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Earnings Per Share

Basic earnings per share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted earnings per share

Diluted earnings per share is consistent with the computation of the basic earnings per share while giving effect to all dilutive potential common shares that were outstanding during the period. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

Improvements in Cagayan Special Economic Zone Freeport (CSEZFP)

The Group recognizes the airstrip improvements within the CSEZFP as intangible assets with definite useful life as part of "Other assets" in the consolidated statements of financial position. Intangible assets are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses, if any.

Intangible assets with finite lives are amortized using straight-line method over the period covered by the contract with CSEZFP or economic life of the airstrip improvements of 25 years, whichever is shorter. The period and method of amortization are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangible assets. Gain or loss arising from derecognition of an intangible asset is recognized in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting entity, or between/or among the reporting entity and its key management personnel, directors, or its stockholders.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Cash

This account consists of:

	2009	2008
Cash in banks	**P93,772,189**	P90,851,879
Cash on hand and payout fund	**8,576,214**	9,897,500
	P102,348,403	P100,749,379

Cash in banks earn interest at their respective deposit rates.

Payout fund pertains to the cash held by the Group's cashiers which is used to pay for the prizes of the winners of bingo games. This is replenished on a daily basis.

5. Receivables

This account consists of:

	Note	**2009**	2008
Trade receivables		**P272,262,750**	P192,182,643
Advances to Royal Highland Leisure and Resort Corporation (RHLRC)		**168,767,320**	-
Advances to officers and employees	*22*	**23,386,982**	27,482,038
Advances to locators		**-**	23,955,037
Other receivables:			
Kingloc Asia Limited		**9,805,825**	8,730,867
Bigtime Gaming Corp.		**8,743,868**	7,183,572
Concessionaires		**5,890,264**	4,623,476
FBM Gaming, Inc.		**5,366**	1,811,074
Others		**6,507,990**	7,775,087
		495,370,365	273,743,794
Less allowance for impairment losses		**1,450,000**	1,450,000
		P493,920,365	P272,293,794

<u>Advances to RHLRC</u>
Advances to RHLRC represent noninterest-bearing advances used by RHLRC for the construction of recreational and leisure facilities on the premises leased from CJH Development Corporation in John Hay Special Economic Zone at Camp John Hay, Baguio City by virtue of Executive Order No. 103 and Proclamation No. 420, for the eventual use by the RHLRC. These advances earn annual interest at 12.0% to 14.5% with no definite repayment terms.

On January 31, 2008, a provisional Grant of Authority (the "Grant") was issued by Philippine Amusement and Gaming Corporation (PAGCOR) in favor of RHLRC to operate a Bingo Boutique which includes traditional, electronic and new rapid bingo operations and distributions/selling of pull tabs or break-open cards at the Interim Entertainment Center at Camp John Hay Special Economic Zone in Baguio City. As of April 8, 2010, RHLRC is still in the process of securing the necessary license or Grants (see Note 17).

The Group will collect a significant portion of these advances in August 2010, thus advances to RHLRC was categorized as short-term receivable in 2009. Previously, this was presented under "Other assets".

<u>Advances to Officers and Employees</u>
The Group, in the regular course of business, grants noninterest-bearing advances to its officers and employees. These advances are generally settled within one year from the date granted.

Other Receivables

Other receivables represent cash advances made to third party companies which are engaged in similar gaming and amusement activities as the Group. Receivables from these companies represent noninterest-bearing advances for working capital purposes that are due within one year.

The Group's exposure to credit risk relating to receivables is disclosed in Note 27.

6. Bingo Cards

This account consists of:

	Note	**2009**	2008
Bingo cards - at cost	*12, 17*	**P17,091,055**	P17,477,181
Others - at cost		**1,114,984**	1,270,624
		P18,206,039	P18,747,805

The consolidated cost of bingo cards charged to operations in 2009, 2008, and 2007 amounted to P43,238,966, P58,197,322 and P42,555,582, respectively.

7. Prepaid Expenses and Other Current Assets

This account consists of:

	2009	2008
Prepaid expenses	**P17,983,117**	P3,365,326
Other current assets	**3,145,551**	3,204,189
	P21,128,668	P6,569,515

Prepaid expenses consist of prepaid rent, prepaid insurance on property and equipment and health care benefits of employees.

Other current assets consist of office supplies and other miscellaneous supplies.

8. Property and Equipment

The movements in this account are as follows:

	Bingo Equipment and Paraphernalia	Leasehold Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Total
Cost:					
January 1, 2008	P61,382,163	P154,634,940	P79,839,216	P11,725,110	P307,581,429
Additions	7,573,102	48,900,137	12,615,936	28,276,821	97,365,996
Write-off	(1,540,581)	(1,171,310)	(1,197,446)	(1,569,000)	(5,478,337)
Retirement	(2,171,835)	(4,096,810)	(4,488,320)	-	(10,756,965)
December 31, 2008	65,242,849	198,266,957	86,769,386	38,432,931	388,712,123
Additions	5,735,609	40,757,459	5,460,447	1,455,505	53,409,020
Reclassification	-	(1,264,376)	-	-	(1,264,376)
Write-off	(2,214,264)	(22,540,179)	(2,980,887)	-	(27,735,330)
Retirement	(442,634)	(369,447)	(2,856,887)	-	(3,668,968)
December 31, 2009	**68,321,560**	**214,850,414**	**86,392,059**	**39,888,436**	**409,452,469**
Accumulated depreciation and amortization:					
January 1, 2008	47,203,904	79,161,764	46,428,752	6,086,533	178,880,953
Depreciation and amortization	5,241,912	22,992,620	13,830,608	4,410,071	46,475,211
Write-off	(1,540,581)	(1,171,310)	(1,197,446)	(1,569,000)	(5,478,337)
Retirement	(2,171,835)	(4,096,810)	(4,488,320)	-	(10,756,965)
December 31, 2008	48,733,400	96,886,264	54,573,594	8,927,604	209,120,862
Depreciation and amortization	5,253,439	35,407,147	11,408,623	6,872,395	58,941,604
Write-off	(2,214,264)	(22,540,179)	(2,980,887)	-	(27,735,330)
Retirement	(442,634)	(369,447)	(2,856,887)	-	(3,668,968)
December 31, 2009	**51,329,941**	**109,383,785**	**60,144,443**	**15,799,999**	**236,658,168**
Carrying amount:					
December 31, 2008	P16,509,449	P101,380,693	P32,195,792	P29,505,327	P179,591,261
December 31, 2009	**P16,991,619**	**P105,466,629**	**P26,247,616**	**P24,088,437**	**P172,794,301**

ABLE leases motor vehicles under a number of finance lease agreements. At the end of the term of each of the leases, the ownership of the leased assets will be transferred to ABLE. As of December 31, 2009 and 2008, the carrying amounts of leased vehicles included under "Property and equipment" account in the consolidated statements of financial position amounted to P14,953,145 and P19,111,090, respectively.

9. Investment Properties

The movements in this account are as follows:

	Land	Construction in Progress	Total
Gross carrying amount:			
January 1, 2008	P200,000	P-	P200,000
Reclassification	-	59,710,000	59,710,000
December 31, 2008	200,000	59,710,000	59,910,000
Additions	-	17,463,494	17,463,494
December 31, 2009	**P200,000**	**P77,173,494**	**P77,373,494**

In 2008, LRLDI commenced the construction of a two-storey building on a parcel of land purchased in Cagayan, which will be the place of business of FCLRC's locators. The construction of the building is expected to be completed in 2010.

10. Investments and Advances

This account consists of:

	Percentage of Ownership	**2009**	Percentage of Ownership	2008
Investments - at equity				
Associate				
Binondo Leisure Resources, Inc. (BLRI)				
Costs:				
Preferred shares		**P20,000,000**		P20,000,000
Common shares	**30%**	**1,200,000**	30%	1,200,000
		21,200,000		21,200,000
Accumulated equity in net losses of an associate:				
Balance at beginning of year		**(26,303,101)**		(23,519,041)
Equity in net loss of an associate during the year		**-**		(2,784,060)
Balance at end of year		**(26,303,101)**		(26,303,101)
		(5,103,101)		(5,103,101)
Joint venture:				
First Cagayan Converge (FCCDCI)				
Cost	**60%**	**15,000,000**	60%	15,000,000
Subscriptions payable		**(7,500,000)**		(11,250,000)
Accumulated equity in net income of a joint venture		**8,747,983**		-
Equity in net income of a joint venture		**29,007,533**		8,747,983
		45,255,516		12,497,983
Advances:				
BLRI		**222,541,863**		251,871,805
FCCDCI		**10,935,914**		29,104,107
		233,477,777		280,975,912
Allowance for impairment loss on advances to BLRI		**(40,000,000)**		(40,000,000)
		193,477,777		240,975,912
		233,630,192		248,370,794
Investments - at cost		**756,500**		756,500
		P234,386,692		P249,127,294

BLRI

BLRI was incorporated in the Philippines and is engaged in the hotel and recreation business. It started commercial operations in August 2003.

On July 25, 2003, the Parent Company signed a Memorandum of Agreement (MOA) with BLRI. In accordance with the provisions of the MOA, a common shareholder of BLRI assigned his shareholdings equivalent to 30% equity interest in BLRI to the Parent Company.

Further, in accordance with the provisions of the MOA, the Parent Company subscribed to 200,000 preferred shares of BLRI on May 13, 2004 at P100 par value per share. The preferred shares are cumulative and shall be entitled to dividends at an annual rate of 14%. It shall be convertible to common shares after 4 years from the date it was acquired. The Parent Company also has outstanding advances for future subscriptions of BLRI shares included in the "Advances" account as of December 31, 2009 and 2008.

The summarized financial information of BLRI follows:

	2009	2008
Current assets	**P8,077,250**	P12,575,919
Noncurrent assets	**150,807,143**	165,759,589
Current liabilities	**237,962,610**	241,868,639
Gross revenues	**28,950,951**	34,159,086
Gross profit	**2,740,517**	4,867,225
Net loss	**15,545,086**	9,377,544

First Cagayan Converge Data Center, Inc. (FCCDCI)

On March 1, 2007, FCLRC and IP Converge Data Center Corp. (IPCDCC), a subsidiary of IPVG Corp., entered into a Shareholders Agreement (Agreement) to form a joint venture that will engage in the business of information technology such as, but not limited to IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution to the licensed locators of FCLRC, as well as the CEZA. The joint venture shall likewise invest in building, upgrading and maintaining the IP communications infrastructure that connects CEZA to the global internet. This includes fiber optic networks, wireless radio stations, telco-grade internet data center, network operations center, and network hubs/access points. This investment is made by FCLRC in relation to the Master Development Plan for Tourism Area in Cagayan Special Economic Zone and Freeport (CSEZFP) and the Development of Information Technology (IT) Facilities and Telecommunications (Master Development Plan) (see Note 18).

On November 14, 2007, FCCDCI, the joint-venture corporation, was incorporated and registered with the SEC. The principal office address of FCCDCI is at Barangay Centro, Municipality of Sta. Ana, Cagayan Economic Zone, Cagayan Province, Philippines.

FCLRC owns 60% of FCCDCI and the remaining 40% is owned by IPCDCC. Based on the Agreement, FCLRC and IPCDCC will jointly operate FCCDCI and allocate $3,000,000 for short-term capital expenditures which shall be financed by a combination of debt and equity. FCLRC shall source its capital for FCCDCI from internally-generated funds and bank financing. FCCDCI started commercial operations on January 1, 2008.

IPVG Corp. acquired IPCDCC's ownership interest in FCCDCI and entered into a Deed of Assignment of Subscription Rights with IP E-Games Ventures, Inc. (IP E-Games), whereby IPVG Corp. assigned 9,999,998 shares of stock in FCCDCI with a par and issue value of P1 to IP E-Games for a consideration of P2,499,998 and assumes a subscription liability of P7,500,000 as well as taxes arising from the deed of assignment. The assignment was made effective on January 1, 2009. In 2009, the FCLRC and FCCDCI agreed to apply P3,750,000 of FCLRC's dividend receivable against the subscription payable to FCCDCI. As of December 31, 2009 and 2008, advances to FCCDCI amounted to P10,935,914 and P29,104,107, respectively.

The summarized financial information of FCCDCI follows:

	2009	2008
Current assets	**P50,023,209**	P42,663,640
Noncurrent assets	**94,363,574**	57,730,032
Current liabilities	**83,760,924**	79,563,701
Service fees	**299,678,426**	268,387,449
Net income	**48,345,888**	16,528,452

11. Goodwill

This account consists of:

	Amount
Cost	P563,067,183
Less accumulated impairment losses	32,078,452
	P530,988,731

Impairment Testing for Cash-Generating Units Containing Goodwill
The Group's goodwill primarily relates to its bingo cash-generating units.

The recoverable amounts of the bingo cash-generating units were based on its value in use. The carrying amounts of the units were determined to be lower than its recoverable amount and no impairment loss was recognized in 2009 and 2008.

Value in use was determined by discounting the future cash flows generated from the continuing use of the units and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and the 5-year business plan.

- Revenue was projected at about P980.3 million in 2010, the first year of the business plan. The anticipated annual revenue growth included in the cash flow projections was 1.50% for Traditional Bingo, 5% for Electronic Bingo, 6% for Rapid Bingo, 1% for Pulltabs and 0.50% for Scratch Cards for the years 2010 to 2015. Management plans to achieve annual revenue of P1.02 billion by the fifth year of the business plan.

- Direct costs growth was assumed to be 3% per annum in the first 5 years. The estimate was based on the analysis of franchise fees indicated in the Grant of Authority (Grant) issued by PAGCOR and other direct expenses adjusted annually for actual experience.

- A discount rate of 8% was applied in determining the recoverable amount of the cash-generating units. The discount rate was estimated based on the weighted average government bond yield rate.

- The estimated recoverable amount of P701,085,299 significantly exceeds the carrying amount of the goodwill of P415,723,888 in its investment in ABLE.

The values assigned to the key assumptions represent management's assessment of future trends in the bingo industry and are based on both external sources and internal sources (historical data).

12. Other Assets

This account consists of:

	Note	**2009**	2008
Advances for development of Phase I of Master Development Plan project	*18*	**P296,440,940**	P262,086,689
Airstrip improvements - net of accumulated amortization of P12,261,203 in 2009 and P8,137,559 in 2008	*18*	**90,838,531**	94,962,175
Venue rental deposits and other deposits	*19*	**85,008,536**	99,352,316
Advances to Beau Geste	*27*	**60,000,000**	57,311,223
Advanced regulatory fee on Instant Charity Bingo Game 2 (ICBG2)	*17*	**16,193,353**	19,751,128
Cash and performance bonds	*17*	**14,300,000**	14,200,000
Operating licenses		**4,253,690**	4,253,690
Advances to RHLRC	*27*	**-**	167,608,834
Others		**1,677,420**	6,080,671
		P568,712,470	P725,606,726

Advances to Beau Geste

On January 17, 2007, the BOD of ABLE passed a resolution to enter into a joint venture with Madrigal Resources Corporation to develop a gaming facility for lease to PAGCOR. The joint venture entity is Beau Geste. ABLE's interest or contribution in Beau Geste shall not exceed P30,000,000. Beau Geste has not yet commenced commercial operations as of December 31, 2009.

On April 7, 2009, the BOD ratified the additional advances to Beau Geste amounting to at least P30,000,000 but not exceeding P60,000,000. On March 4, 2010, ABLE has recovered its advances to Beau Geste amounting to P60,000,000.

Advanced Regulatory Fee on ICBG2

Advanced regulatory fee on ICBG2 pertains to the 12.5% of the gross value of purchased 8,000,000 ICBG2 scratch cards, paid by ABLE upon the withdrawal of the ICBG2 cards from PAGCOR. The cards were sold by ABLE in relation to the Instant Charity Bingo (ICB) operations. The distribution of ICBG2 cards was discontinued in 2005.

On February 2, 2007, ABLE received a letter from PAGCOR stating the conditions to resume the operations of ICBG2. PAGCOR is considering ABLE's proposal for PAGCOR to reprint replacement for the 8,000,000 ICBG2 cards and for ABLE to offer the unsold cards of PAGCOR. In consideration, ABLE shall pay PAGCOR a regulatory fee equivalent to 12.5% of the gross value of the reprinted cards in excess of the 8,000,000 in ABLE's inventory (see Notes 15 and 17).

Subsequently, on November 27, 2007, PAGCOR approved the request of ABLE to reprint the unsold ICBG2 cards within the same terms and conditions above. ABLE will also shoulder the total cost of the 10,000,000 ICBG2 cards, including the replacement for the 8,000,000 cards, amounting to P12,849,000 (see Note 17).

On December 12, 2008, ABLE resumed commercial operations of ICBG2 scratch cards. In 2009 and 2008, the related revenue recognized amounted to P28,462,200 and P1,199,360, respectively.

Cash and Performance Bonds

Cash and performance bonds pertain to surety bonds deposited with PAGCOR which are refundable at the end of the period covered by the Grant (see Note 17).

Operating Licenses

The operating licenses represent Grants issued by PAGCOR, which were acquired in relation to the acquisitions of bingo parlors by ABLE's subsidiaries as follows:

- On September 8, 2008, Metro Gaming Entertainment Gallery, Inc., a subsidiary, acquired a bingo parlor located at 2L, SM Supercenter Molino, Molino, Bacoor, Cavite for P7,500,000. A portion of the purchase price amounting to P2,280,568 was paid for the Grant of Authority from PAGCOR and the balance of P5,219,432 represents the purchase price for the acquisition of the related leasehold improvements, bingo equipment and paraphernalia, fixtures, rental and all other deposits with SM Prime Holdings, Inc.

- On November 6, 2008, South Entertainment Gallery Incorporated, a subsidiary, acquired a bingo parlor located at 3rd Floor M.L. Tagarao St., Pacific Mall, Brgy. 003, Lucena City for P5,000,000. A portion of the purchase price amounting to P1,973,122 was paid for the Grant of Authority from PAGCOR and the balance of P3,026,878 represents the purchase price for the acquisition of the related leasehold improvements, bingo equipment and paraphernalia, fixtures, rental and all other deposits with Pacific Mall.

13. Loans Payable

Short-term loans of ABLE have maturity dates of up to June 11, 2010. The interest rates of long-term and short-term loans are repriced monthly based on negotiated rates or prevailing market rates.

The short-term and long-term loans are included in the credit facility with Banco de Oro (BDO) Universal Bank and Philippine Bank of Commerce (PBCOM) that are available to ABLE and are secured by LRWC's shares of stock and a real property owned by major individual stockholders of LRWC.

Terms and conditions of outstanding loans payable are as follows:

	2009		
	Interest Rate	**Maturity Date**	**Carrying Amount**
Short term:			
PBCOM	**10.10% - 12.50%**	**February - June 2010**	**P39,057,099**
BDO	**10.75% - 13.00%**	**April - May 2010**	**59,000,000**
			P98,057,099
Long term:			
BDO	**11.50% - 12.50%**	**February - October 2011**	**P32,600,000**
Less current portion			**13,400,000**
			P19,200,000

	2008		
	Interest Rate	Maturity Date	Carrying Amount
Short term:			
PBCOM	10.10% - 12.50%	February/September 2009	P34,240,400
BDO	10.75% - 13.00%	February 23, 2009	40,000,000
Member of BOD	12.00%	Payable on demand	2,500,000
			P76,740,400
Long term:			
BDO	10.75% -13.00%	February - October 2011	P81,800,000
Export and Industry Bank	LIBOR rate	Payable in 8 quarterly payments	19,961,821
			101,761,821
Less current portion			39,161,821
			P62,600,000

14. Obligations Under Finance Lease

In 2008, ABLE entered into vehicle financing agreements with BDO, which are payable in monthly installments on their respective repayment dates up to July 31, 2011. Annual interest rates range from of 10.09% to 10.10%. The vehicles serve as lien for the financing agreements.

Obligations under finance lease for vehicles are payable as follows:

	2009		
	Principal	**Interest**	**Minimum Lease Payments**
Less than one year	**P5,987,992**	**P647,768**	**P6,635,760**
Between one and five years	**3,322,755**	**95,389**	**3,418,144**
	P9,310,747	**P743,157**	**P10,053,904**

	2008		
	Principal	Interest	Minimum Lease Payments
Less than one year	P5,393,938	P1,149,305	P6,543,243
Between two and five years	8,522,305	678,556	9,200,861
	P13,916,243	P1,827,861	P15,744,104

As of December 31, 2009 and 2008, the carrying amount of leased vehicles, included under “Property and equipment” account in the consolidated statements of financial position amounted to P14,953,145 and P19,111,090, respectively.

15. Trade and Other Payables

This account consists of:

	Note	**2009**	2008
Payable to CEZA	*18*	**P235,855,560**	P199,493,186
Unearned hosting fees		**47,192,279**	49,502,659
Payout fund payable	*17*	**46,309,973**	38,318,089
Payable to PAGCOR	*17*	**18,618,263**	12,843,407
Venue rental payable	*19*	**20,480,316**	31,490,212
Accrued expenses and other payables:			
Contracted services		**14,115,224**	32,978,303
Capital expenditures		**17,061,750**	32,418,686
General and administrative		**30,839,455**	28,807,424
Salaries, wages and employee benefits		**8,480,127**	15,868,570
Cards and supplies		**13,822,003**	18,780,801
Share of e-bingo owners		**17,430,655**	13,968,342
Interest		**23,396,119**	20,899,305
Various taxes		**9,976,424**	9,959,075
Dividends payable	*16*	**2,259,631**	5,639,985
Payout payable		**2,230,000**	3,465,000
Others		**35,669,513**	24,498,328
		P543,737,292	P538,931,372

Payout fund payable represents bets placed for a special game conducted by the Group, which is accumulated and recognized as an obligation until such time that a winner is determined and the prize is awarded.

Payable to PAGCOR includes the accrual for the cost of the 10,000,000 unsold ICBG2 cards (see Note 12).

16. Equity

Increase in Authorized Capital Stock

On September 19, 2000, the SEC approved the increase in the Parent Company's authorized capital stock from 500 million to 2.5 billion common shares, both at P1 par value per share. Out of the aforementioned increase in authorized capital stock, a total of 750 million common shares with aggregate par value of P750 million have been subscribed and fully paid for through the assignment in favor of the Parent Company of common shares of ABLE representing the entire outstanding capital stock thereof by the previous ABLE shareholders. The subscription and payment in ABLE shares was the result of the implementation of duly executed Agreements (see Note 1) between the Parent Company and ABLE's shareholders. Initially, 236,626,466 shares of the Parent Company were approved by the SEC for release to the previous ABLE shareholders. The remaining shares corresponding to 513,373,534 in 2003 (subsequently reduced to 328,559,062 shares after equity restructuring as described below) were placed under escrow with BDO and the release of which is subject to the approval of SEC.

In the years subsequent to 2003, the SEC approved the release of 322,616,462 shares from escrow. As of December 31, 2009, shares under escrow totaled 5,942,597, which management expects to be released in 2011.

Declaration of Dividends

Cash dividends declared by the BOD of the Parent Company in 2009 and 2008 were as follows:

Date of Declaration	Date of record	Amount	Amount Per Share
July 31, 2009	November 27, 2009	P25,496,313	P0.03
July 31, 2009	August 28, 2009	23,178,444	P0.03
September 19, 2008	October 24, 2008	46,356,887	P0.06
July 27, 2007	August 24, 2007	23,178,444	P0.03

On June 8, 2009, the BOD declared a 10% stock dividend to be issued out of the Parent Company's authorized and unissued capital stock. The Parent Company applied its policy of rounding off fractional shares in the determination of the total stock dividend totaling to 77,262,310 shares, which include 832 rounded-off fractional shares. On July 31, 2009, the stockholders of the Company owning at least two-thirds (2/3) of the outstanding capital stock approved the stock dividend declaration.

As of December 31, 2009 and 2008, unpaid dividends, included under "Trade and other payables" account in the consolidated statements of financial position, amounted to P2,259,631 and P5,639,985, respectively (see Note 15).

Acquisition of LRWC Shares by ABLE

On February 9 and June 2, 2008, the BOD of ABLE approved the acquisition of up to 30,000,000 shares of the Parent Company.

As of December 31, 2009 and 2008, ABLE has a total of 19,680,500 shares (at cost of P19,780,317) and 9,245,000 shares (at cost of P10,880,051), respectively, of the Parent Company, which were accounted as treasury shares in the consolidated financial statements. The additional 10,435,500 shares in 2009 includes the effect of stock dividends declared by the Parent Company during the year on the shares held by ABLE.

17. Grants of Authorities to Operate Bingo Games ("Grant")

a. Operation of Traditional Bingo Games

PAGCOR granted ABLE and its subsidiaries the sole authority to operate bingo halls and conduct bingo games, as well as the betting aspect thereof, within the confines of the game sites for various periods ranging from January 2009 to January 2015. In consideration of the Grant, the Group shall pay PAGCOR 20% of its gross bingo card sales, which shall be remitted to PAGCOR on a weekly basis. Such consideration to PAGCOR is distributed as follows: 5 percentage points as the Bureau of Internal Revenue (BIR) Franchise Tax and 15 percentage points as the PAGCOR Franchise Fee. Pursuant to Presidential Decree No. 1869 (P.D. 1869), the BIR Franchise Tax shall be in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority. The Group deposited a total of P7,600,000, representing cash and performance bonds with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the Grants (see Note 12). The Grants are subject to renewal upon mutual agreement of both parties.

On March 26, 2008, Bingo Regulatory Order No. 2008-01 entitled "Modified Computation of the Five Percent (5%) Franchise Tax," was passed into law effective April 1, 2008. The regulation modified the basis for the computation of the BIR Franchise Tax being remitted to PAGCOR by the bingo grantees for their traditional bingo operations from gross sales to gross revenue (gross sales less pay-outs) retroactive to January 1, 2008. However, the basis for the computation of the PAGCOR Franchise Fee shall still be the gross sales.

b. Distribution of ICBG2 Cards

On June 13, 2000, PAGCOR granted ABLE the authority to be the primary and exclusive distributor of the ICBG2 cards to complement its existing bingo game operations pursuant to Presidential Decree No. 1869. In consideration of the Grant, ABLE shall pay PAGCOR, upon withdrawal of ICBG2 cards, the regulatory fee of 12.5% of the gross value of cards sold.

Because of poor sales performance, ABLE discontinued the distribution of the cards and wrote-off the unsold cards amounting to P10,197,124 in 2005.

On February 2, 2007, ABLE received a letter from PAGCOR stating the conditions to continue the operations of ICBG2. On December 12, 2008, ABLE resumed commercial operations of ICBG2 scratch cards (see Note 12).

c. Operation of Electronic Bingo Games

On May 8, 2001, PAGCOR authorized ABLE and its subsidiaries to operate and conduct electronic bingo games (e-bingo) with a seven year pioneer status for various periods from January 2009 to January 2015. In consideration of the Grants, ABLE and its subsidiaries shall pay PAGCOR 60% of the gross revenues from e-bingo operations, which shall be remitted twice weekly to PAGCOR (distributed as follows: 5 percentage points as the BIR Franchise Tax and 55 percentage points as the PAGCOR Franchise Fee). ABLE and its subsidiaries deposited a total of P6,500,000 and P6,400,000 as of December 31, 2009 and 2008, respectively representing cash and performance bonds with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the Grants (see Note 12). The Grants are subject to renewal upon mutual agreement of both parties.

d. Distribution and Sale of Pull-tabs or Break-Open Cards

On August 3, 2005, PAGCOR granted ABLE, the authority to distribute and sell pull-tabs or break-open cards in all of the branches of the Group. In consideration of the grant, ABLE shall pay PAGCOR 15% of gross card price which shall be remitted to PAGCOR by ABLE upon draw-down of cards from the supplier, regardless of quantity of cards sold.

e. Operation of New Rapid Bingo System (NRBS)

On September 27, 2005, PAGCOR granted ABLE, the authority to operate and conduct rapid bingo games, subject to the approved terms and conditions of NRBS operations and the use of the prescribed NRBS card format. In consideration of the Grant for NRBS, ABLE shall pay PAGCOR 15% of its gross sales (total amount wagered or bets) from the NRBS operations, which shall be remitted twice weekly. ABLE deposited P200,000 cash and performance bonds with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the Grants.

ABLE distributes the operation of NRBS to the bingo parlors of its branches and subsidiaries for a commission, which is equivalent to 2% of gross sales.

Effective November 1, 2005, Republic Act (R.A.) No. 9337, "An Act Amending the National Internal Revenue Code, as Amended, with Salient Features," particularly Section 27 (c), excluded the PAGCOR from the provision of government-owned or controlled corporations or agencies not subjected to the thirty five (35%) corporate income tax. PAGCOR, however, has presented its position to the Department of Justice for a justifiable determination of the exemption as granted by P.D. 1869.

ABLE and its subsidiaries continue to abide by the provisions of Section 13, par. 2 (a) and (b) of P.D. 1869 whereby it pays the BIR Franchise Tax and various rates as PAGCOR Franchise Fee. In addition, on December 6, 2005, PAGCOR advised its grantees that they are still not subject to the Expanded Value Added Tax (EVAT) for the same reason that these grantees are still subject to the BIR Franchise Tax as explained in the foregoing. Also, PAGCOR cited its position that R.A. 9337 did not repeal P.D. 1869.

18. License Agreement

CEZA is authorized under Section 6f of R.A 7922, "An Act Establishing a Special Economic Zone and Free Port in the Municipality of Santa Ana and the Neighboring Islands in the Municipality of Aparri, Province of Cagayan, Providing Funds Therefore, and for Other Purposes" to "operate on its own, either directly or through a subsidiary entity, or license to others, tourism-related activities, including games, amusements, recreational and sport facilities, such as horse racing, gambling casinos, golf courses, and others, under priorities and standards set by CEZA" in CSEZFP.

On February 3, 2001, FCLRC and CEZA entered into a License Agreement (LA) authorizing FCLRC to set up a network operation/hub with its internet server, including web sites, gaming software, application programs, administrative software, hardware, internet, as well as telecommunication connections, collection and payment system and toll-free telephone operations, all in connection with the development, operation and conduct of internet and gaming enterprises and facilities in CSEZFP. In line with this mandate, FCLRC was also authorized and licensed to conduct interactive games as defined in the LA.

Subsequent to the signing of the LA, FCLRC and CEZA signed a Supplemental Agreement (SA). The SA provides for the following:

1. Appointment of FCLRC as Master Licensor for internet gaming activities and FCLRC shall be responsible for monitoring all activities pertaining to the licensing and operation of interactive games in CSEZFP;

2. FCLRC is authorized to assist CEZA in its functions as a regulator for interactive gaming activities on behalf of CEZA in accordance with Part 5 of CSEZFP Interactive Gaming Rules and Regulations;

3. The authorization of FCLRC as Master Licensor shall be exclusive for twenty-five years starting from November 7, 2006 or until 2031.

4. FCLRC is authorized to collect a sublicense fee of two percent of the gross winnings from the internet casino, in accordance with an agreed formula. In addition, FCLRC is authorized to collect from sublicensees an annual fixed amount equivalent to $48,000 for the first year of operations and $60,000 thereafter, from sportsbook operators.

5. FCLRC must pay CEZA, on a monthly basis to commence upon the start of actual operations of FCLRC, an amount equivalent to one percent (1%) of the monthly gross winnings payable not later than the seventh (7^{th}) day of the subsequent month. Starting on the sixth (6^{th}) year after the start of FCLRC's operation, FCLRC shall pay a minimum guaranteed amount of $250,000 each month. Unpaid CEZA fees are charged with interest of 12% per annum.

FCLRC is entitled to tax incentives under Section 4c of RA No. 7922 (CEZA law). No taxes, local, and national, shall be imposed on business establishments operating within the CSEZFP. In lieu of paying taxes, FCLRC shall pay and remit to the national government 5 percent (5%) of locators' gross income less allowable deductions. In 2009, 2008 and 2007, this is included as income tax expense, which amounted to P7,568,883, P7,282,287 and P6,790,325, respectively. (see Note 23).

FCLRC proposed a Master Development Plan in keeping its authority under the LA. The Master Development Plan proposed by FCLRC will create a self-sustaining industrial zone and mixed-use new township in the CSEZFP, with tourism and leisure as the lead sector to be developed.

The Master Development Plan envisaged by FCLRC shall comprise the three (3) phases with time frame of completion as follows:

Phase I, which shall be completed one (1) year after authorization of the CEZA BOD, includes telecommunication connectivity via microwave radio; upgrading of the existing internet data center; conversion of the CEZA Complex into a gaming facility; upgrading of the San Vicente Naval Airport; and construction of a new CEZA Administration Office.

Phase II, which shall be completed three (3) years from completion of Phase I, shall include the telecommunication connectivity via fiber optic; redundant telecommunication connectivity; and construction of a leisure and resort complex.

Phase III, which shall be completed three (3) years from completion of Phase II, shall include the implementation of the Comprehensive Feasibility Study that will provide a complete telecommunication infrastructure for the whole of the CSEZFP; and development of a beach front property into a leisure and gaming facility.

On September 15, 2006, the parties have extended the LA term from two (2) years to twenty five (25) years from the date of approval by the CEZA BOD of the Master Development Plan. The 25 years extension of the authority of FCLRC as Master Licensor commenced on November 7, 2006 and will end on November 7, 2031.

In August 2007, FCLRC and CEZA entered into an agreement with A.G. Pazon & Associates and CAMJ Construction Corporation, both third parties, to start the development of the Cagayan Business Park (CBP), part of Phase I of the Master Development Plan.

The proposed CBP has a total lot area development of 90,005 square meters (sqm). The site development plan includes the construction of buildings with a total floor area of 2,400 sqm. The project also includes the construction of an administration building, commercial center, cable center, sub-station and parking spaces. It also includes the installation of an underground power/communication cabling system and an overhead water tank.

Another infrastructure required in Phase I of the Master Development Plan is the rehabilitation of the San Vicente Naval Airport (the Airport). On September 1, 2006, FCLRC entered into a contract for the airstrip rehabilitation with the contractors for the CBP to undertake the expansion, paving and overlaying of the runway of the Airport and the provision of basic Airport amenities.

Advances relating to development of CBP and airstrip rehabilitation are included under "Other assets" account in the consolidated statements of financial position (see Note 12).

As an initial project to establish the internet and telecommunication infrastructure, FCLRC entered into an Agreement with IPCDCC on March 1, 2007, incorporating FCCDCI. The parties shall infuse the necessary capital to fund the required infrastructure requirements of the Master Development Plan (see Note 12).

19. Lease Agreements

i. The Group leases the spaces where the Group entities conduct their bingo operations.

   The term of the lease agreements with various lessors varies from one (1) to twenty-five (25) years. The lease amounts are computed based on certain percentages of gross revenues or on a fixed rate per square meter which are generally determined on an annual basis.

ii. The Group entered into the following lease agreements:

   a. A 25-year lease contract with the municipality of Cagayan up to December 7, 2031 or until FCLRC serves as its Master Licensor for the lease of a parcel of lot with an area of 178,728 square meters. Monthly rent is fixed at P357,456, subject to a 5% escalation every three years.

   b. A 25-year lease contract with CEZA up to June 30, 2031 or until FCLRC serves as its Master Licensor, for the lease of a parcel of lot and improvements with an area of 23,758 square meters. Monthly rent is fixed at P600,527, subject to a 5% escalation every five years.

Rent expense recognized in profit or loss in 2009, 2008, and 2007 amounted to P209,337,836, P181,677,416 and P175,170,889, respectively.

Minimum operating lease rentals are payable as follows:

	2009	2008	2007
Less than one year	**P92,037,987**	P92,607,615	P83,071,112
Between one and five years	**80,634,337**	80,630,405	91,975,107
More than five years	**212,618,667**	239,393,549	282,988,745
	P385,290,991	P412,631,569	P458,034,964

20. Retirement Benefits

The Group has an unfunded, noncontributory, defined benefit retirement plan covering all regular employees. The benefits are primarily based on the number of years of service of covered employees, as well as their fixed monthly salary. Under the provisions of the retirement plan, the normal retirement age is sixty (60), with at least five (5) years of service and the retirement benefit is equal to seventy five percent (75%) of the fixed monthly basic salary per year of service. The latest actuarial valuation report is as of December 31, 2009.

The reconciliation of the present value of the defined benefit obligation to the recognized liability included under "Noncurrent liabilities" in the consolidated statements of financial position is as follows:

	2009	2008
Present value of unfunded obligations	**P16,120,400**	P26,975,411
Unrecognized actuarial gains	**12,931,888**	-
Unrecognized portion of transitional liability	**-**	(1,589,092)
Recognized liability for defined benefit obligations	**P29,052,288**	P25,386,319

The movements in the present value of obligation are shown below:

	2009	2008
Balance at beginning of year	**P26,975,411**	P24,898,535
Current service cost	**1,393,182**	3,449,446
Interest cost	**2,158,000**	1,991,883
Actuarial gains	**(14,406,193)**	(3,364,453)
Balance at end of year	**P16,120,400**	P26,975,411

The recognized expense included under "Employee benefits" in profit or loss consists of:

	2009	2008	2007
Current service cost	**P1,393,182**	P3,449,446	P2,764,697
Interest cost	**2,158,000**	1,991,883	1,665,949
Recognized transitional liability	**1,589,092**	1,589,092	1,589,092
Actuarial gains recognized	**(1,474,306)**	(3,364,453)	-
	P3,665,968	P3,665,968	P6,019,738

The principal actuarial assumptions used to determine retirement benefits (expressed as weighted averages) are as follows:

	2009	2008
Discount rate	**10.52%**	8%
Future salary increases	**3%**	3%

The historical information of the amounts for the current and previous four annual periods is as follows:

	2009	2008	2007	2006	2005
Present value of the defined benefit obligation	**P16,120,400**	P26,975,411	P24,898,535	P20,824,358	P16,252,539

21. Finance Income (Expense) and Other Income

Finance income and expense are as follows:

	Note	**2009**	2008	2007
Finance income:				
Interest income on cash and cash equivalents		**P171,653**	P210,780	P262,709
Dividend income		**965,855**	160,350	739,180
		1,137,508	371,130	1,001,889
Finance expense:				
Interest expense on loans payable and unpaid CEZA fees	*13, 14,18, 27*	**42,088,078**	38,925,513	22,482,090
Interest expense on obligations under finance lease		**1,264,403**	464,782	-
		43,352,481	39,390,295	22,482,090
Net finance expense		**(P42,214,973)**	(P39,019,165)	(P21,480,201)

Other income consists of rental of gaming facility to locators (see Note 19), and commission amounting to P5,000,000 in 2009.

22. Related Party Disclosures

The Group entities transactions with related parties are as follows:

a. In 2008, ABLE made advances to BLRI to finance its daily operations amounting to P22,472,163.

b. As of December 31, 2009 and 2008, the outstanding balances of related party receivables and payables are as follows:

Name of Related Party	Relationship	**2009**	2008
Amounts due from:			
Blue Chip Leisure and Gaming Corp.	Under common control	**P34,751,118**	P-
Vinta Gaming, Inc.	Investee	**4,847,794**	5,200,323
Insular Gaming Corp.	Investee	**772,564**	1,173,887
Others	Investee	**969,538**	674,793
		P41,341,014	P7,049,003
Amount due to:			
Longview Holdings Corporation	Stockholder	**P9,070,691**	P9,070,691
Others	Stockholders	**-**	7,062,529
		P9,070,691	P16,133,220

Advances to related parties represent noninterest-bearing advances used to finance capital requirements, including purchases of inventory and supplies, payments of major prizes and other capital expenditures.

Investee represents entities where the Parent Company has minimal ownership interests.

c. For each of the years in the period ended December 31, the details of key management compensation are as follows:

	2009	2008	2007
Salaries and employee benefits	**P36,593,865**	P37,939,680	P34,067,056
Directors' fees	**1,945,000**	1,765,000	1,775,000

Unsecured noninterest-bearing loans to directors amounted to P23,386,982 and P27,482,038 as of December 31, 2009 and 2008, respectively. The loans are payable in cash and in full within 12 months after the issue date (see Note 5).

d. Key management personnel and director transactions

A director of the Parent Company controls 8.84 percent of its voting shares.

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to nonkey management personnel related entities on an arm's length basis.

23. Income Taxes

The Group's income tax expense represents current tax expense which is attributable entirely to the Group's licensing operations with CSEZFP (see Note 18).

Reconciliation between income tax expense in the Group's profit or loss and the income tax computed at special income tax rate follows:

	2009	2008	2007
Income before income tax	**P245,943,237**	P208,327,514	P200,158,658
Income tax using statutory tax rates of 30% in 2009 and 35% in 2008 and 2007	**P73,782,971**	P72,914,630	70,055,530
Additions to (reductions in) income taxes resulting from tax effects of:			
Nondeductible operating expenses	**2,525,961**	1,018,982	2,135,690
Unrecognized deferred tax assets	**2,169,012**	3,345,388	1,996,127
Net unrealized Foreign exchange loss - net	**186,272**	477,472	299,372
Non taxable income	**(38,343,651)**	(39,951,799)	(42,145,023)
Gross income on service fees subject to 5%	**(30,688,109)**	(30,709,978)	(25,218,343)
Equity in net earnings of a joint venture	**(1,450,377)**	437,399	-
Dividend income exempt from tax	**(577,113)**	(198,713)	(258,713)
Interest income subject to final tax	**(36,083)**	(51,094)	(74,315)
	P7,568,883	P7,282,287	P6,790,325

The Group's entities, as grantees of PAGCOR's authority to operate bingo halls, are subject to the 5% franchise tax in lieu of all kinds of taxes (see Note 17). Franchise fees and taxes are presented as reduction of revenues in the consolidated statements of comprehensive income.

As at December 31, 2009, the Parent Company and LR Land have NOLCO amounting to P26,583,615, which can be claimed as deduction from future taxable income as follows:

	Amount	Expiry Date
December 31, 2007	P6,109,816	2010
December 31, 2008	10,376,244	2011
December 31, 2009	10,097,555	2012
	P26,583,615	

Deferred tax assets have not been recognized on these items since management believes that the tax benefit of these future deductible items will not be realized prior to their expiration.

NOLCO in 2006 amounting to P9,617,407 expired on December 31, 2009.

24. Earnings Per Share

Earnings per share (EPS) is computed as follows:

	2009	2008	2007
Income attributable to the equity holders of the Parent Company (a)	**P201,237,953**	P170,036,140	P167,895,528
Adjusted weighted average number of shares outstanding (b)	**839,276,427**	848,254,427*	849,877,094*
Basic and diluted earnings per share (a/b)	**P0.2398**	P0.2005	P0.1976

** Adjusted for the effect of stock dividends declared in 2009.*

There are no dilutive potential common shares as of December 31, 2009, 2008 and 2007. Accordingly, diluted EPS is the same as basic EPS.

25. Segment Information

The Group operates in two (2) reportable business segments, the professional bingo gaming and interactive games licensing, and only one (1) reportable geographical segment which is the Philippines.

The interactive games licensing has been segregated into a separate segment as a result of change of the Parent Company's equity interest in FCLRC. Professional bingo gaming provides amusements and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games. Interactive games licensing engages in developing a network operation/hub with an internet server including web sites, gaming software, application program, administrative software, hardware, internet, as well as telecommunications connections, collection and payment system and toll free telephone operations, all in connection with the development, operation and conduct of an internet and gaming enterprises and facilities; and regulates and monitors on behalf of CEZA all activities pertaining to the licensing and operation of interactive games.

Analysis of financial information by business segment in 2009 is as follows:

	Professional Bingo Gaming	Interactive Games Licensing	Eliminations	Consolidated
Net Revenue				
External revenue	**P2,531,403,372**	**P175,749,264**	P-	**P2,707,152,636**
Result				
Segment result	**145,674,254**	**77,348,184**	-	**223,022,438**
Unallocated corporate expenses	-	-	-	**(9,146,961)**
Results from operating activities				**213,875,477**
Finance expense, gross of dividend income	-	-	-	**(43,180,828)**
Equity in loss of an associate	-	-	-	-
Foreign exchange gain - net	-	-	-	**(3,712,419)**
Rental/other income	-	-	-	**48,987,619**
Equity in income of a venturer	-	**29,007,533**	-	**29,007,533**
Dividend income	**965,855**	-	-	**965,855**
Income taxes	-	**(7,568,883)**	-	**(7,568,883)**
Non-controlling interest	**(1,166,788)**	**(35,969,613)**	-	**(37,136,401)**
Consolidated Net Income				**201,237,953**

	Professional Bingo Gaming	Interactive Games Licensing	Eliminations	Consolidated
Other Information				
Segment assets	**1,073,313,362**	**850,482,729**	**(384,516,185)**	**1,539,279,906**
Investment in associate at cost	**756,500**	**-**	**-**	**756,500**
Unallocated corporate assets	**-**	**-**	**-**	**721,163,771**
Consolidated total assets				**2,261,200,177**
Segment liabilities	**686,263,164**	**566,471,755**	**(646,466,114)**	**606,268,805**
Unallocated corporate liabilities	-	-	-	**120,282,221**
Consolidated total liabilities				**726,551,026**
Capital expenditures	**47,265,399**	**3,183,723**	**-**	**50,449,122**
Depreciation and amortization	**50,094,163**	**12,945,752**	**-**	**63,039,915**

Analysis of financial information by business segment in 2008 is as follows:

	Professional Bingo Gaming	Interactive Games Licensing	Eliminations	Consolidated
Net Revenue				
External revenue	P2,383,664,072	P219,097,212	P -	P2,602,761,284
Result				
Segment result	129,397,977	108,541,573	-	237,939,550
Unallocated corporate expenses	-	-	-	(10,376,246)
Results from operating activities	-	-	-	227,563,304
Finance expense, gross of dividend income	-	-	-	(39,179,515)
Equity in loss of an associate	-	-	-	(2,784,060)
Foreign exchange gain - net	-	-	-	13,819,452
Equity in income of a venturer	-	8,747,983	-	8,747,983
Dividend income	160,350	-	-	160,350
Income taxes	-	(7,282,287)	-	(7,282,287)
Non-controlling interest	(762,376)	(30,246,711)	-	(31,009,087)
Net Income				P170,036,140
Other Information				
Segment assets	P1,049,120,703	P741,411,954	(P212,586,476)	P1,577,946,181
Investment in associate at cost	756,500	-	-	756,500
Unallocated corporate assets	-	-	-	571,930,827
Consolidated total assets				P2,150,633,508
Segment liabilities	600,716,294	505,909,267	(447,850,091)	P658,775,470
Unallocated corporate liabilities	-	-	-	115,846,318
Consolidated total liabilities				P774,621,788
Capital expenditures	89,778,539	44,137,457	-	133,915,996
Depreciation and amortization	38,690,962	11,842,902	-	50,533,864

Analysis of financial information by business segment in 2007 is as follows:

	Professional Bingo Gaming	Interactive Games Licensing	Eliminations	Consolidated
Net Revenue				
External revenue	P2,337,828,607	P192,629,797	P -	P2,530,458,404
Result				
Segment result	135,486,316	93,188,971	-	228,675,287
Unallocated corporate expenses	-	-	-	(6,109,816)
Results from operating activities	-	-	-	222,565,471
Finance expense, gross of dividend income	-	-	-	(22,219,381)
Equity in loss of an associate	-	-	-	(2,253,028)
Foreign exchange gain - net	-	1,326,416		1,326,416
Dividend income	739,180	-	-	739,180
Income taxes	-	(6,790,325)	-	(6,790,325)
Non-controlling interest	(1,104,818)	(24,367,987)	-	(25,472,805)
Net Income				P167,895,528

Other Information				
Segment assets	P912,482,126	P519,546,872	(P51,175,968)	P1,380,853,030
Investment in associate at cost	756,500	-	-	756,500
Unallocated corporate assets	-	-	-	383,967,328
Consolidated total assets				P1,765,576,858
Segment liabilities	482,668,841	333,642,465	(308,911,745)	P507,399,561
Unallocated corporate liabilities	-	-	-	24,136,230
Consolidated total liabilities				P531,535,791
Capital expenditures	37,516,871	4,804,985	-	42,321,856
Depreciation and amortization	31,951,523	10,911,505	-	42,863,028

There were no intersegment sales recognized between the two reportable segments in 2009, 2008 and 2007. Unallocated corporate expenses consist of net operating expenses of the Parent Company. Assets of the individual segments mainly comprise investments and advances, due from related parties, property and equipment, and trade receivables. Liabilities of the individual segments include loans payable, trade and other payables, retirement obligation, and due to a related party. Capital expenditures on noncurrent assets represent additions to property and equipment. Noncash expenses pertain to depreciation and amortization expense attributable to the two reportable segments.

26. Other Matters

Rapid Bingo and Electronic Bingo
To better reflect the revenues from rapid bingo, revenues presented by the Group are net of the supplier's share amounting to P13,263,483 in 2009, P11,801,096 in 2008 and P11,411,678 in 2007.

Likewise, the Group's revenues from e-bingo are as follows:

	2008	2007	2006
Gross receipts from e-bingo	**P994,573,362**	P763,203,618	P685,397,930
Less share of owners of e-bingo machines	**220,699,690**	174,390,621	168,889,122
Net revenues	**P773,873,672**	P588,812,997	P516,508,808

27. Financial Risk Management

Financial Risk Management Objectives and Policies
The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

The main purpose of the Group's dealings in financial instruments is to fund their respective operations and capital expenditures. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee identifies all issues affecting the operations of the Group and reports regularly to the BOD on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee performs oversight role over financial management functions, specifically in the areas of managing credit, liquidity, market and other risks of the Group. The Audit Committee directly interfaces with the internal audit function, which undertakes reviews of risk management controls and procedures and ensures the integrity of internal control activities which affect the financial management system of the Group. The results of procedures performed by Internal Audit are reported to the Audit Committee. On the other hand, the Audit Committee reports all issues identified relating to the financial reporting of the Group to the BOD on a regular basis.

Credit Risk

Credit risk represents the risk of loss the Group would incur if customers and counterparties fail to perform their contractual obligations.

Financial information on the Company's maximum exposure to credit risk as of December 31, 2009 and 2008, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Note	**2009**	2008
Cash in banks		**P93,772,189**	P90,851,879
Receivables		**493,920,365**	272,293,794
Advances to BLRI		**222,541,863**	251,871,805
Due from related parties		**41,341,014**	7,049,003
Other assets:			
Advances to Beau Geste Corporation		**60,000,000**	57,311,223
Cash and performance bonds	*12*	**14,300,000**	14,200,000
Advances to RHLRC		**-**	167,608,834
		P925,875,431	P861,186,538

Cash in Banks

The management evaluates the financial condition of the banking industry and deposits cash only with reputable banks.

Receivables

Majority of the Group's credit risk on receivables is attributed to its internet gaming licensing activities influenced mainly by the individual characteristics of each customer and noninterest-bearing advances made to entities with similar operations. The demographics of the Group's customer base, including the default risk of the industry and regions in which customers operate, has an influence on credit risk.

The Executive Committee has established a credit policy under which each new advanced amount requested by customer/counterparties within the same gaming industry is analyzed individually for creditworthiness before standard credit terms and conditions are granted. The Company's review includes the requirements of updated credit application documents, credit verifications through the use of no negative record requests and list of blacklisted accounts, and analyses of financial performance to ensure credit capacity. The status of each account is first checked before advances are approved.

Most of the Group's customers have been transacting with the Group for several years, and losses have occurred from time to time. Results of credit reviews are grouped and summarized according to credit characteristics, such as aging profiles and credit violations.

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of receivables and advances. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The aging of receivables is as follows:

	2009		2008	
	Gross Amount	**Impairment**	Gross Amount	Impairment
Current	**P217,149,874**	**P-**	P100,826,662	P -
Past due 1-30 days	**18,024,244**	-	20,163,309	-
Past due 31-60 days	**14,318,338**	-	16,372,861	-
More than 60 days	**245,877,909**	**1,450,000**	136,380,962	1,450,000
	P495,370,365	**P1,450,000**	P273,743,794	P1,450,000

As of reporting date, there were no significant concentrations of credit risk.

Based on historical default rates, the Group believes that no impairment allowance is necessary for trade receivables which are current or past due by up to 60 days. Eighty (80) percent of the balance, which includes the amount owed by the Group's most significant counterparties (see above), relates to counterparties that have a good track record with the Group. The advances to RHLRC will be collected in August 2010, while advances to Beau Geste Corporation was collected on March 4, 2010. Accordingly, no impairment loss was recognized in 2009 and 2008.

Due from Related Parties
The Group limits its exposure to credit risk by only financing the operations of related parties that have viable operations and likewise engaged in gaming amusement activities.

Liquidity Risk
Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

In addition, the Group has an omnibus line of credit with a number of Philippine banks consisting of commitments for short term loans, letters of credit and documents against acceptances/documents against payment (DA/DP) facilities trust receipts. As of December 31, 2009 and 2008, the total commitment under the line of credit is P211,300,000, of which the Group had drawn P149,206,643 and P172,456,643, respectively, under short term loans. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates (see Note 13).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements of the Group:

	2009				
	Carrying Amount	**Contractual Cash Flow**	**6 Months or less**	**6-12 Months**	**1-5 Years**
Nonderivative financial liabilities					
Short-term and long-term loans payable	**P130,657,099**	**P140,574,751**	**P101,335,988**	**P23,902,369**	**P15,336,393**
Obligation under finance lease	**9,310,747**	**9,853,067**	**3,317,880**	**3,317,880**	**3,217,307**
Due to related parties	**9,070,691**	**9,070,691**	**9,070,691**	**-**	**-**
Trade and other payables, excluding unearned fees	**496,545,013**	**538,999,014**	**388,605,923**	**150,393,090**	**-**
	P645,583,550	**P698,497,523**	**P502,330,482**	**P177,613,339**	**P18,553,700**

	2008				
	Carrying Amount	Contractual Cash Flow	6 Months or less	6-12 Months	1-5 Years
Nonderivative financial liabilities					
Short-term and long-term loans payable	P178,502,221	P200,390,512	P82,184,849	P43,153,663	P75,052,000
Obligations under finance lease	13,916,243	15,744,104	3,159,780	3,383,463	9,200,861
Due to related parties	16,133,220	16,133,220	7,062,529	-	9,070,691
Trade and other payables, excluding unearned fees	489,428,713	525,337,687	251,320,938	274,016,749	-
	P697,980,397	P757,605,523	P343,728,096	P320,553,875	P93,323,552

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is subject to various market risks, including risks from changes in prices, interest rates, and currency exchange rates.

Interest Rate Risk

The Group's exposure to the risk for changes in market interest rate relates primarily to its short-term and long-term debt obligations with variable interest rates. The Group's interest rate risk exposure relates to the 90 day MART1 and LIBOR benchmark plus a designated bank spread. The Treasury Department, through its competencies of managing short-term and long-term debt obligations, transacts with creditors to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rate.

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	Note	**2009**	2008
Fixed rate			
Financial liabilities	*13*	**P-**	P19,961,821
Variable rate			
Financial assets		**93,772,189**	90,851,879
Financial liabilities	*13, 14*	**139,078,865**	172,456,643

Sensitivity Analysis
A 2% increase in interest rates would have decreased equity and profits in 2009 and 2008 by P1,913,185 and P1,320,366, respectively, in the consolidated financial statements.

A 2% decrease in interest rates for December 31, 2009 and 2008 would have had the equal but opposite effect, on the basis that all other variables remain constant.

Foreign Currency Risk
The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than the Philippine peso, mostly in U.S. dollar. In respect of monetary assets and liabilities held in currencies other that the Philippine peso, the Group ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	2009	2008
Cash in banks	**$62,588**	$192,292
Trade receivables	**5,065,870**	3,607,899
	$5,128,458	$3,800,191

Foreign exchange loss recognized in 2009 amounted to P3,723,399, while foreign exchange gain recognized in 2008 and 2007 amounted to P13,819,452 and P1,326,416, respectively.

The following are the significant exchange rates applied during the year:

	2009	2008
PHP average rate	**47.63**	44.50
PHP spot rate	**46.36**	47.65

Sensitivity Analysis
A 10% strengthening of the Philippine peso against US dollars as of December 31, 2009 and 2008, would have decreased equity and profit by P23,775,531 and P18,047,107, respectively.

A 10% weakening of the Philippine Peso against the US dollars as of December 31, 2009 and 2008 would have had the equal but opposite effect, on the basis that all other variables remain constant.

Fair Values
The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash
The carrying amount approximates its fair value since it can be readily withdrawn and used for operations.

Receivables/Due from Related Parties/Cash and Performance Bonds/Trade and Other Payables/Due to Related Parties

The carrying amounts of receivables, due from related parties, cash and performance bonds, trade and other payables and due to related parties approximate their fair values due to the relatively short-term nature of these financial instruments. Receivables are reported at their net realizable values, i.e., at total amounts less allowances for impairment losses. The carrying amount of trade and other payables is stated at amounts reasonably expected to be paid within the next twelve months.

Long-term Loans Payable

Long term loans are reported at their present values, which approximates the cash amounts that would fully satisfy the obligations as of reporting date. The carrying amount approximates fair value since the interest rates are repriced frequently. These are classified as current liabilities when they become payable within a year.

Obligations Under Finance Lease

Obligations under finance lease are reported at their present values, which approximates the cash amounts that would fully satisfy the obligations as of reporting date. These are classified as current liabilities when they become payable within a year.

Capital Management

The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flows to selective investments. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The BOD also monitors the level of dividends to shareholders.

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital, retained earnings, reduced by treasury stock. There were no changes in the Group's approach to capital management as of December 31, 2009 and 2008. Neither the Parent Company nor any of its subsidiaries are subject to externally imposed capital requirements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

		31-Mar-10 (Unaudited)	31-Dec-09 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	Schedule 1	74,596,858	102,348,403
Receivables - net	Schedule 2	500,035,896	493,920,365
Bingo cards and supplies		15,916,079	18,206,039
Prepaid expenses and other current assets	Schedule 3	29,747,842	21,128,668
Due from related parties - net	Schedule 2	43,110,555	41,341,014
Total Current Assets		**663,407,229**	**676,944,489**
Property and equipment - net	Schedule 4	177,648,508	172,794,301
Investment properties	Schedule 5	77,373,494	77,373,494
Investments and advances - net	Schedule 6	348,506,726	234,386,692
Goodwill - net		530,988,731	530,988,731
Other assets	Schedule 7	510,309,503	568,712,470
Total Noncurrent Assets		**1,644,826,963**	**1,584,255,688**
TOTAL ASSETS		**2,308,234,192**	**2,261,200,177**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Short-term loans payable	Schedule 10	146,416,350	98,057,099
Trade and other payables	Schedule 8	496,732,438	543,737,292
Income tax payable		6,328,774	4,722,909
Due to related party	Schedule 9	9,070,691	9,070,691
Current portion of obligation under finance lease		5,987,992	5,987,992
Current portion of long-term loans payable	Schedule 10	13,400,000	13,400,000
Total Current Liabilities		**677,936,245**	**674,975,983**
Noncurrent Liabilities			
Long-term obligation under finance lease		3,196,319	3,322,755
Long-term loans payable	Schedule 10	14,400,000	19,200,000
Retirement benefits liability		29,968,780	29,052,288
Total Noncurrent Liabilities		**47,565,098**	**51,575,043**
Stockholders' Equity			
Common Stock - P 1 par value			
Authorized - 1,600,000,000 shares			
Issued - 849,877,094 shares		849,877,094	849,877,094
Additional paid-in capital		128,881,860	128,881,859
Retained earnings		528,823,205	488,815,290
Treasury shares		(20,785,694)	(19,780,317)
		1,486,796,464	**1,447,793,926**
Minority Interests		**95,936,385**	**86,855,225**
TOTAL STOCKHOLDERS' EQUITY		**1,582,732,849**	**1,534,649,151**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**2,308,234,192**	**2,261,200,177**

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Unaudited

	For the Three Months Ended March 31	
	2010	**2009**
SALES		
Traditional bingo	**556,182,449**	575,498,356
Electronic bingo - net	**212,795,569**	166,186,813
Rapid bingo - net	**123,851,477**	122,184,358
Service and hosting fees	**85,486,474**	70,505,846
Pull tabs	**5,582,860**	6,407,750
Instant charity bingo	**5,263,500**	9,665,220
	989,162,328	950,448,343
FRANCHISE FEES AND TAXES	**316,424,046**	283,223,139
NET REVENUES	**672,738,282**	667,225,203
COSTS AND OPERATING EXPENSES		
Payout	**397,142,690**	408,686,014
Rentals	**50,374,379**	52,374,162
Salaries and wages	**42,113,052**	42,057,802
Communication and utilities	**36,211,854**	38,650,916
Employee benefits	**23,712,280**	21,430,717
Contracted services	**25,700,798**	26,814,181
Depreciation and amortization	**14,539,141**	14,381,149
Bingo cards	**9,974,992**	11,339,870
Taxes and licenses	**6,159,346**	5,938,193
Others - net	**16,201,805**	6,282,850
	622,130,335	627,955,855
OPERATING INCOME	**50,607,947**	39,269,349
OTHER INCOME (CHARGES)		
Equity in net earnings of a joint venture	**6,235,972**	5,158,615
Equity in net loss of an associate	**-**	(836,556)
Interest - net	**(6,148,980)**	(8,818,532)
	86,992	(4,496,473)
INCOME BEFORE INCOME TAX	**50,694,938**	34,772,876
INCOME TAX EXPENSE	**1,605,865**	774,021
NET INCOME	**49,089,074**	33,998,854
Attributable to:		
Equity holders of the Parent Company	**40,007,915**	28,651,737
Minority interest	**9,081,159**	5,347,117
	49,089,074	33,998,854
EARNINGS PER SHARE	**0.047**	0.034
INCOME PER SHARE IS COMPUTED AS FOLLOWS:		
a) Net Income	**40,007,915**	28,651,737
b) Weighted average number of common shares	**849,877,094**	849,877,094 *
c) Basis (a/b)	**0.047**	0.034 *

*** After retroactive adjustment in 2009 to include 10% stock dividend issued on September 22, 2009**

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

	March-10					
	Capital Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury Shares**	**Minority Interests**	**Total**
Balance at beginning of the period	849,877,094	114,790,986	488,815,290	(19,780,317)	86,855,225	1,520,558,278
Acquisition for the period				(1,005,377)		(1,005,377)
APIC - treasury shares		14,090,873				14,090,873
Minority interests					9,081,160	9,081,160
Net income for the period			40,007,915			40,007,915
Balance at end of the period	849,877,094	128,881,859	528,823,205	(20,785,694)	95,936,385	1,582,732,849

	March-09					
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Minority Interests	Total
Balance at beginning of the period	772,614,784	128,881,859	413,514,404	(10,880,051)	71,880,724	1,376,011,721
Acquisition for the period				(4,200,583)		(4,200,583)
APIC - treasury shares						
Minority interests					5,347,117	5,347,117
Net income for the period			28,651,737			28,651,737
Balance at end of the period	772,614,784	128,881,859	442,166,141	(15,080,634)	77,227,842	1,405,809,992

(Audited)

	December-09					
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Minority Interests	Total
Balance at beginning of year	849,877,094	114,790,986	287,577,338	0	71,880,724	1,324,126,142
Acquisitions for the year				(19,780,317)		(19,780,317)
Additional capital stock - Issuance of treasury shares		14,090,873				14,090,873
Minority interests					14,974,501	14,974,501
Net income for the period			201,237,952			201,237,952
Balance of end of year	849,877,094	128,881,859	488,815,290	(19,780,317)	86,855,225	1,534,649,151

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended	
	31-Mar-10	**31-Mar-09**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before franchise fees and taxes	**356,431,961**	311,874,876
Adjustments for:		
Depreciation	**14,539,141**	14,381,149
Equity in net loss of an associate	**-**	836,557
Equity in net income of a joint venture	**(6,235,972)**	(5,158,615)
Interest expense	**6,148,980**	8,818,532
Operating income before working capital changes	**370,884,110**	330,752,499
Decrease (increase) in:		
Receivables	**(6,115,531)**	(8,904,239)
Bingo cards	**2,289,960**	(3,875,422)
Prepaid expenses and other current assets	**(8,619,174)**	(6,273,978)
Increase (decrease) in:		
Trade and other payables	**(47,004,854)**	6,010,579
Income tax payable	**1,605,865**	774,021
Due to related parties	**0**	(5,181,545)
Retirement liability	**916,492**	916,492
Cash generated from operations	**313,956,868**	314,218,408
Interest paid	**(6,148,980)**	(8,818,532)
Franchise fees and taxes paid	**(316,424,046)**	(283,223,139)
Net cash from operating activities	**(8,616,159)**	22,176,737
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	**(19,393,348)**	(32,271,140)
Acquisitions of treasury shares	**(1,005,377)**	(4,200,583)
Decrease (increase) in investment and advances	**(107,884,062)**	1,282,839
Decrease (increase) in due from related parties	**(1,769,541)**	1,019,231
Decrease (increase) in other assets	**58,402,967**	(8,720,905)
Net cash used in investing activities	**(71,649,361)**	(42,890,558)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment (payment) of loans payable	**43,432,815**	(14,050,456)
Increase in minority interest	**9,081,160**	5,347,118
Net cash provided (used) in financing activities	**52,513,975**	(8,703,338)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(27,751,545)**	(29,417,159)
CASH AT BEGINNING OF PERIOD	**102,348,403**	100,749,379
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**74,596,858**	71,332,220

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2010

1. The accompanying interim consolidated financial statements of Leisure & Resorts World Corporation (LRWC) and Subsidiaries are in compliance with Philippine Financial Reporting Standards (PFRS).

2. The same accounting policies and methods of computation are followed in the interim consolidated financial statements as compared with the most recent annual financial statements.

3. Currently the operations of LRWC is very minimal and functions as a holding company. However, it's Subsidiaries, AB Leisure Exponent, Inc. (ABLE), engaged in bingo operations, and First Cagayan Leisure and Resort Corporation (FCLRC), engaged in licensing and regulation of online gaming, are operating on a daily basis including Sundays and Holidays, except on Maundy Thursday and Good Friday. Both businesses are not seasonal in nature. Another subsidiary, LR Land Developers, Inc. (LRLDI), engaged in realty estate acquisition and development, has also very minimal operations.

4. There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents.

5. Property and equipment, other noncurrent assets, and investments and advances are reviewed for impairment. There are no indications of possible impairment of these assets.

6. There were no reported estimates in prior financial years and there are no estimates that need to be reported in the current interim period.

7. LRWC and Subsidiaries do not have any issuances, repurchases, and repayments of debt and equity securities.

8. Cash dividend equivalent to P 0.03 per share payable to stockholders of record as of August 28, 2009, paid on September 22, 2009 and another cash dividend equivalent to P 0.03 per share payable to stockholders of record as of November 27, 2009, paid on December 22, 2009, have been declared on July 31, 2009.

9. On June 8, 2009, the Board of Directors (BOD) declared 10% stock dividend or 77,262,310 shares, issued out of the authorized and unissued capital stock of the Corporation. This declaration was approved by stockholders present in person or by proxy representing 75.94% of the total outstanding capital of LRWC during its annual meeting held on July 31, 2009. This 10% stock dividend was issued on September 22, 2009 to all stockholders of record as of August 28, 2009.

10. LRWC's primary purpose is to engage in realty development focusing on leisure business. However, as mentioned in note 3, for several years it had minimal operation and functioned as a holding company. On the other hand, its Subsidiaries, ABLE, a professional in bingo gaming in the Philippines, operates forty one (41) bingo parlors nationwide, most of which are located in major shopping malls in Metro Manila and in key provincial cities, and FCLRC, a master licensor and regulator of online gaming operating in Cagayan Economic Zone Authority (CEZA).

11. There were no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the interim period.

12. There were no changes in the composition of LRWC during the interim period. Likewise, there were no business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

13. LRWC and Subsidiaries do not have any contingent liabilities or contingent assets since the last annual balance sheet date nor do they have any current contingent liabilities or contingent assets.

14. There was no existing material contingencies and any other events or transactions that are material to an understanding of the current interim period.