

The information contained in this Preliminary Prospectus is subject to the completion and amendment in the final Prospectus. No offer or invitation shall be made or received, and no agreement shall be made, on the basis of this document, to purchase or subscribe for any Offer Shares.

Revised Prospectus dated November 15, 2013

LEISURE & RESORTS WORLD CORPORATION

Offer of 250,000,000 PREFERRED shares at an Offer Price of Php1.00 per preferred share to be listed and traded on the Philippine Stock Exchange, Inc.

and

12,500,000 Warrants to be issued free of charge and the underlying 12,500,000 Common Shares to be listed and traded on the Philippine Stock Exchange, Inc.



Asian Alliance Investment Corporation
Underwriter

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION.

This Prospectus is dated November 15, 2013

LEISURE & RESORTS WORLD CORPORATION

26th Floor, Philippine Stock Exchange Bldg.

Tektite West Tower

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This Prospectus relates to the offer and sale of 250,000,000 preferred shares with a par value of Php1.00 per share (the "Offer Shares"), the 12,500,000 warrants to be issued free of charge, and the underlying 12,500,000 common shares (the "Offer"), of Leisure & Resorts World Corporation, a corporation organized under Philippine law ("LRWC" or the "Company") and traded in the Philippine Stock Exchange, Inc.

The Offer Shares will be offered at a price of Php1.00 per Share (the "Offer Price"). Prior to the Offer, LRWC has a total of 1,199,852,512 issued and outstanding common stock. A total of up to 1,294,852,512 Shares will be outstanding assuming the full exercise of all the warrants attached to the preferred shares are exercised starting on the fifth year.

LRWC has an authorized capital stock ("ACS") of Php5 billion divided into 2,500,000,000 common shares and 2,500,000,000 preferred shares, both classes of shares with a par value of One Pesos (Php1.00) each. On June 18, 2013, the Securities and Exchange Commission ("SEC") approved (a) the issuance of 2,500,000,000 preferred shares; and (b) an increase in its ACS from Php1.6 billion to Php5 billion divided into 2,500,000,000 common shares with a par value of Php1.00 per share and 2,500,000,000 preferred shares with a par value of Php1.00 per share.

Please refer to the section "Description of the Securities" on page 76 of this Prospectus for more details on LRWC's capital stock and approved amendments to its Articles of Incorporation and By-Laws.

The total proceeds to be raised by LRWC from the sale of the Offer Shares are estimated to be up to Php250 million. All expenses will be paid by LRWC from its operations. LRWC intends to use the proceeds from the Offer to partially fund its planned acquisition and expansion of gaming sites and capital expenditures to set-up a data center for online gaming. For a more detailed discussion on LRWC's proposed use of proceeds, see "Use of Proceeds" on page 35 of this Prospectus.

Asian Alliance Investment Corporation will receive a fee from LRWC based on a percentage of the gross proceeds from the placement of the Offer Shares. For a more detailed discussion on the fees to be received by Asian Alliance, see "Plan of Distribution" on page 37 of this Prospectus.

Each holder of the Offer Shares will be entitled to such dividends as declared by LRWC's Board of Directors (the "Board") in accordance with the features of the Offer Shares, provided that any stock dividend declaration requires the approval of shareholders holding at least two-thirds of LRWC's total outstanding capital stock. The Corporation Code of the Philippines, Batas Pambansa Blg. 68 (the "Philippine Corporation Code"), has defined "outstanding capital stock" as the total shares of stock issued, whether paid in full or not, except treasury shares. Dividends may be declared only from LRWC's unrestricted retained earnings. Please see a more detailed discussion of LRWC's dividend policy under "Dividend Policy" on page 39 of this Prospectus.

The Offer Shares may be owned by any person or entity subject to the applicable restriction by law. The aggregate foreign ownership in LRWC cannot exceed the maximum of 40 per cent of the issued and outstanding capital stock. Accordingly, LRWC will not allow the issuance of shares or record the transfer of shares to persons other than Philippine nationals if such issuance or transfer shall exceed the abovementioned foreign ownership limit.

Of the total Offer Shares of 250,000,000 Shares, 50,000,000 Shares are being offered to all of the trading participants of the Philippine Stock Exchange (“PSE”) (the “PSE Trading Participants”), and up to 25,000,000 Shares are being offered to local small investors (the “LSIs”) under the Local Small Investors Program. The remaining 175,000,000 Shares shall be distributed by the Underwriter to Qualified Institutional Buyers (“QIBs”) and to the general public. Offer Shares not taken up by the PSE Trading Participants, the QIBs, and the general public shall be purchased by the Underwriter. In any case, the amount of Offer Shares to be made available to the PSE Trading Participants and LSIs will be equivalent to 20 per cent and 10 per cent, respectively, of the total Offer Shares. For more detailed discussion of the underwriting commitment of the Underwriter, see “Plan of Distribution” on page 37 of the Prospectus.

The listing of the Offer Shares is subject to the approval of the PSE. An application to list the Offer Shares, warrants and underlying Common Shares was approved on [•], 2013. Such an approval for listing is permissive only and does not constitute a recommendation or endorsement by the PSE or the SEC of the Shares. On June 18, 2013, the SEC approved the increase in ACS from Php1.6 billion to Php5 billion divided into 2,500,000,000 common shares with a par value of Php1.00 per share and 2,500,000,000 preferred shares with a par value of Php1.00 per share. Out of the increase, LRWC issued 1,650,000,000 billion Preferred Shares through private placement. On September 20, 2013, LRWC filed the additional listing of the 1,650,000,000 billion Preferred Shares with the PSE. Please refer to the section “Description of the Securities” on page 67 of this Prospectus for more details on LRWC’s capital stock and approved amendments to its Articles of Incorporation and By-Laws.

The information contained in this Prospectus relating to LRWC and its operations has been supplied by LRWC, unless otherwise stated herein. To the best of its knowledge and belief, LRWC, which has taken reasonable care to ensure that such is the case, confirms that the information contained in this Prospectus relating to it and its operations is correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect and that LRWC hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus with respect to the same.

The Underwriter confirms that it exercised the required due diligence in verifying that all material information in this Prospectus is true and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading. The Underwriter assumes no liability for any information supplied by LRWC in relation to this Prospectus.

Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of LRWC since such date.

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Shares. These risks include:

- risks related to LRWC;
- risks relating to the Philippines;
- risks associated with the Offer and the Shares; and
- risks relating to certain statistical information in this Prospectus.

See the section entitled “Risk Factors” beginning on page 29 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

LRWC’s financial statements are reported in Pesos and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards (“PFRS”) issued by the Financial Reporting Standard Council of the Philippines. PFRS include statements named PFRS and Philippine Accounting Standards, and Philippines Interpretations from International Financial Reporting Interpretations Committee.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

LRWC's fiscal year begins on January 1 and ends on December 31 of the year. KPMG MANABAT SANAGUSTIN & CO. LRWC's external auditor, has audited and rendered an unqualified audit report on LRWC's financial statements as of and for the years ended December 31, 2010, 2011 and 2012. A review by the external auditor was made for the period ending June 30, 2013 and 2012.

Market data and certain industry information used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither LRWC nor the Underwriter make any representation as to the accuracy and completeness of such information.

This Prospectus includes forward-looking statements. LRWC has based these forward-looking statements largely on its assumptions, current expectations and projections about future events and financial trends affecting its business and operations. Words including, but not limited to "believes", "may", "will", "estimates", "continues", "anticipates", "intends" "expects" and similar words are intended to identify forward-looking statements. In light of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances in this Prospectus might not occur. Important factors that could cause some or all of the assumptions not to occur or result in performance or achievements materially different from those in to differ materially from those in the forward-looking statements include, among other things:

- LRWC's ability to implement its strategies;
- Competition in the Philippine tourism and gaming industry;
- LRWC's ability to anticipate and respond to economic and market trends, including changes in the Philippine, Asian or global economies;
- Changes in interest rates, inflation rates and foreign exchange rates of the Peso against other currencies; and,
- Changes in the laws, rules and regulations, including tax laws and licensing requirements, in the Philippines.


A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

An application for listing of the issued 1,650,000,000 Preferred Shares has been filed with the PSE but has not yet been approved. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. The PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this Prospectus. The listing of the 1,650,000,000 Preferred Shares is subject to the approval of the Board of Directors of the PSE. Such approval for listing is permissive only and does not constitute a recommendation or endorsement of the Preferred Shares by the PSE.

The Offer Shares are offered subject to the receipt and acceptance of any order by LRWC and subject to LRWC's right to reject any order in whole or in part. It is expected that the Offer Shares will be delivered in book-entry form against payment thereof to the Philippine Depository and Trust Corporation (the "PDTCC") on or about [•], 2013.

LEISURE & RESORTS WORLD CORPORATION

By:


Reynaldo P. Bantug
President and Chairman


Carmelita L. Chan
Treasurer

SUBSCRIBED AND SWORN to before me this 15 day of November 2013 at Pasig City, affiants exhibiting to me competent evidence their identities as follows:

Reynaldo P. Bantug
Carmelita d.L. Chan

TIN 117-376-653
TIN 101-867-157

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Series of 2013.

emagrad
RHEA M. MANGUBAT
Notary Public for Pasig City
Commission until 31 December 2013
4404 Discovery Center, 25 ADB Ave., Gregas Center, Pasig City
APPT No. 68 (2012-2013)/Roll No. 58790
PTR No. 8425048; 01/07/13; Pasig City
IBP No. 311226; 12/20/12; Bulacan

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GLOSSARY OF TERMS

ACS	Authorized capital stock
Applicant	A person, whether natural or juridical, who seeks to subscribe for the Offer Shares
Application	An application to subscribe for Offer shares pursuant to the Offer
BIR	Philippine Bureau of Internal Revenue
BBL	Bingo Bonanza (HK) Limited
BCGLC	Blue Chip Gaming and Leisure Corporation
Board	Board of Directors
BOI	Philippine Board of Investments
BSP	Bangko Sentral ng Pilipinas or the Philippine Central Bank
CAGR	Compounded annual growth rate
Common Shares or Shares	The unclassified common shares of the Company representing the authorized capital, or when the context requires, the Company's outstanding common stock including the unissued Warrant Shares
Company	Leisure & Resorts World Corporation
Directors	The incumbent directors of the Company
ESOP	Employee Stock Option Plan
Exchange	Philippine Stock Exchange, Inc.
LSI	Local small investor under the Local Small Investors Program of the PSE
Leisure & Resorts World, Inc.	The "Company", or the "Issuer", or the "Registrant"
Metro Manila	The metropolitan area comprising the cities of Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, Pateros, Quezon, Valenzuela, Taguig and San Juan, which together comprise the "National Capital Region" and is commonly referred to as Metro Manila
Net Asset Value	Generally represents the fair value of the Company's assets less the current value of the recorded liabilities
New Common Share/s	Refers to the Shares from the exercise of the warrant Shares in the aggregate

Pesos” or “₱” or “P” or “Php”	Philippine Peso
PCD	Philippine Central Depository Inc.
PCD Nominee	PCD Nominee Corporation, a corporation wholly owned by the PDTC
PDTC	The Philippine Depository and Trust Corporation, the central securities depository of, among others, securities listed and traded on the PSE
PFRS	Philippine Financial Reporting Standards
PAGCOR	Philippine Amusement and Gaming Corporation. A government owned and controlled corporation organized and existing pursuant to Presidential Decree No. 1569 as amended by Republic Act No. 9487
Philippine Corporation Code	Corporation Code of the Philippines, Batas Pambansa Blg. 68
PSA	Philippine Standards on Auditing
Prospectus	Information required to be submitted together with the Registration Statement
PSE	The Philippine Stock Exchange, Inc.
Registration Statement	Information required under the Securities Regulation Code to be submitted to the SEC for the registration of securities, which are to be offered for sale, or sold to the public
RA	Republic Act
RCIT	Regular Corporate Income Tax
SEC or Commission	Securities and Exchange Commission of the Philippines
Shares	The common shares of LRWC, each at a par value Php 1.00
SRC	Securities Regulation Code of the Philippines (RA 8799) and its implementing rules, as amended
Stock and Transfer Agent	Stock Transfer Services, Inc. or STSI
Subsidiary	a company in which the Company owns, directly or indirectly, at least a majority of the outstanding capital stock
Warrants	Refers to 12,500,000 warrants that are issued in the ratio of ONE (1) warrant for every TWENTY (20) preferred share subscription. These warrants are nil-paid, detachable and subject to regulatory approval, to be listed at the Philippine Stock Exchange

Warrant Shares	Refers to 12,500,000 common shares underlying the Warrants
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EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information and financial statements including the notes thereto, appearing elsewhere in this Prospectus. Prospective investors are advised to review closely the sections entitled “Risk Factors” for a description of certain factors that may be relevant to the Offer shares. Capitalized Terms not defined in this Executive Summary are defined in the Glossary of Terms.

Overview

Leisure & 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.

LRWC is functioning as a holding company with minimal operations. The Company is focusing its endeavor in supporting the productivity programs of its subsidiaries and affiliates as follows:

- a) AB Leisure Exponent, Inc. (ABLE – 100% owned);
- b) LR Land Developers, Inc. (LRLDI – 100% owned);
- c) AB Leisure Global, Inc. (ABLGI – 100% owned);
- d) First Cagayan Leisure and Resort Corporation (FCLRC – 69.68% owned);
- e) First Cagayan Converge Data Center Inc. (FCCDCI – 60% owned by FCLRC);
- f) Bingo Bonanza (HK) Ltd. (BBL - 60% owned);
- g) Blue Chip Gaming and Leisure Corporation (BCGLC – 70% owned);
- h) Hotel Enterprises of the Philippines, Inc. (HEPI) – 51% owned);
- i) Binondo Leisure Resources, Inc. (BLRI – 30% owned); and
- j) Prime Investment Korea, Inc. (PIKI – 100% owned).

Recent Developments

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:

- On March 11, 2011, the BOD authorized the issuance, through private placement, of ₱150 million shares from its unissued capital stock at a price of ₱7.50 per share. The newly issued shares were subscribed by third parties. Twenty-Five percent (25%) of the subscription amount was paid upon the execution of the Subscription Agreements on March 24, 2011, while the remaining Seventy-Five percent (75%) was settled on May 15, 2011. The issuance of these shares was filed with SEC on May 2011 and was approved and ratified by the Stockholders in the Annual Stockholders’ Meeting held on 29 July 2011. As a result of this issuance, the total issued and outstanding stocks of the registrant as at December 31, 2011 increased to 999,877,094 shares.
- On June 18, 2013, the SEC approved the increase in authorized capital stock of LRWC and corresponding amendment of the Articles of Incorporation. The authorized capital stock was increased from Php1.6 billion to Php5.0 billion divided into 2.5 billion shares of common stock with par value of ₱1.00 per share and 2.5 billion shares of preferred stock with par value of Php1.00 per share. The preferred shares may be issued in tranches or series and shall be non-voting, non-participating, entitled to preferential and

cumulative dividends at the rate not exceeding 12% per annum, and shall have such other rights, preferences, restrictions and qualifications as may be fixed by the Board at their issuance.

- On September 19, 2013, the PSE approved the additional listing of 199,975,418 Common Shares LRWC arising from its 20% stock dividend declaration during its Annual Meeting held on July 26, 2013.
- On September 20, 2013, LRWC filed the listing of 1,650,000,000 Preferred Shares with a par value of Php1.00 per share with the PSE. The Php1.65 billion perpetual preferred shares was issued through private placement or issuance to not more than nineteen (19) non-qualified buyers under the Section 10.1(k) of the Securities Regulation Code. The Php1.65 billion perpetual preferred shares has a par value of Php1.00 per share and an issue price of Php1.00 per share. The preferred shares are cumulative, non-voting and non-participating. On the fifth anniversary of the issue date of the Php1.65 billion perpetual preferred shares or on any dividend payment date thereafter, LRWC has the option, but not the obligation, to redeem the perpetual preferred shares in whole or in part at a redemption price equal to the issue price of the perpetual preferred shares plus cumulated and unpaid cash dividend, if any, for all dividend periods up to the date of actual redemption by LRWC. A nil-paid, detachable warrant was issued to the investor/(s) for every twenty (20) preferred shares. Each warrant shall entitle the investor/(s) to purchase one (1) common share. The exercise price of the warrant shall be Php15.00 or LRWC's weighted average trading price for three (3) months prior to the exercise date of the warrant less ten percent (10%) discount. The warrants are exercisable starting on the 5th anniversary of the perpetual preferred shares until the 8th anniversary.
- On September 25, 2013, LRWC filed the listing of 82,500,000 warrants and the underlying common shares with the PSE.

Cash Dividends

On July 30, 2010, the BOD approved the declaration of cash dividend equivalent to **Three Centavos** (Php0.03) per share payable to all common stockholders of record as of August 27, 2010, another cash dividend of **Three Centavos** (Php0.03) per share payable to all common stockholders of record as of November 26, 2010 and another cash dividend of **Two Centavos** (Php0.02) per share payable to all common stockholders of record as of January 28, 2011. In addition, the Board also approved the distribution of cash bonus to all of its directors in the amount of One Hundred Fifty Thousand Pesos (Php150,000.00) each.

On July 29, 2011, the BOD approved the declaration of cash dividend equivalent to **Three Centavos** (Php0.03) per share payable to all common stockholders of record as of September 18, 2011, another cash dividend of **Two and a half Centavos** (P 0.025) per share payable to all common stockholders of record as of January 30, 2012 and another cash dividend of **Two Centavos** (P 0.020) per share payable to all common stockholders of record as of February 29, 2012. In addition, the Board also approved the distribution of cash bonus to all of its directors in the amount of Two Hundred Thousand (P200,000.00) each.

On July 27, 2012, the BOD approved the declaration of cash dividend equivalent to **Four Centavos** (Php0.040) per share payable to all common stockholders of record as of September 28, 2012, and another cash dividend of **Three and a half Centavos** (P 0.035) per share payable to all common stockholders of record as of February 28, 2013. In addition, the Board also approved the distribution of cash bonus to all of its directors in the amount of Three Hundred Thousand (P300,000.00) each.

HEPI

On November 11, 2012, LRWC executed an Investment Agreement with Eco Leisure and Hospitality Holding Company, Inc. (Eco Leisure) and Hotel Enterprises of the Philippines, Inc. (HEPI) for the acquisition of fifty-one percent (51%) of the outstanding capital stock of HEPI which owns and operates the Midas Hotel and Casino. LRWC's total investment in HEPI is Seven Hundred Fifty Million Pesos (Php750,000,000.00). LRWC and Eco Leisure executed a Shareholders' Agreement to embody their mutual agreements and covenants concerning the sale and purchase of the HEPI shares, and the organization, management and governance of HEPI, including without limitation, their respective rights and obligations while certain covenants and conditions have not been fully complied by the parties under the Investment Agreement.

ABLE

Prior to April 17, 2013, ABLE and its subsidiaries, had been paying only the Franchise Tax of 5% due to the following legal guidelines provided to ABLE by PAGCOR in the previous years:

- 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 list of government-owned or controlled corporations or agencies not subjected to corporate income tax.
- ABLE and its subsidiaries believe that the payment of 5% Franchise Tax to the Bureau of Internal Revenue (BIR) was effectively equivalent to the corporate income tax. Based on consultations with tax advisers, the management also believes that collection of income tax in addition to the 5% Franchise Tax has no legal basis.
- Pursuant to P.D. 1869, also known as PAGCOR Charter and amended by R.A. 9487, the 5% 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.
- In accordance with PAGCOR’s directives, ABLE and its Group continue to abide by the provisions of P.D. 1869 (as amended by R.A. 9487) whereby it paid only the 5% Franchise Tax.
- In view of the above, management has not provided for provision for income tax for the first quarters of 2013 and 2012.
- However, under Revenue Memorandum Circular 33-2013 dated April 17, 2013, PAGCOR’s contractees and licensees, including ABLE and its subsidiaries, are now subject to income tax.
- Consequently, ABLE and its subsidiaries are no longer subject to 5% Franchise Tax.

ABLGI

On January 14, 2011, ABLGI entered into a Memorandum of Agreement with Premium Leisure and Amusement, Inc. (PLAI), a subsidiary of Belle Corporation to act as an operator and manager of the Belle Grande Casino. PLAI is a member of consortium composed of SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Development Corporation and SM Commercial Properties.

In 2012, ABLGI, LRWC, PLAI and Belle Corporation amended its 2011 agreement to allow the entrance and participation of a foreign partner. In exchange, ABLGI would have a direct interest in the economic benefits to be derived by Belle Corporation and PLAI from the casino operations. ABLGI will provide funding to Belle Corporation (Belle) for the Casino Project equivalent to 30% of Belle’s interest, or an estimated P4 Billion which will be funded through debt and internally generated funds. In exchange for ABLGI’s contribution, ABLGI shall be entitled to 30% of the fixed yearly income generated from the leasing of all commercial spaces in the project, inclusive of the hotel, retail and casino premises. Moreover, ABLGI shall be paid fees equivalent to 30% of the 50% share of Premium Leisure and Amusement, Inc. (PLAI) on the EBITDA from Casino operations or 30% of PLAI’s 15% share of the Net Win, whichever is higher, after deducting PLAI’s Royalty which is based on Gross Win. **Belle and PLAI subsequently entered into a Cooperation Agreement to have Melco Crown Entertainment Limited (MCE or MELCO) as the foreign partner and operator of the casino.**

As of March 31, 2013, total comprehensive loss amounted to ₱7.9 million in 2013 as compared to ₱43.2 million in 2012. The significant decrease in pre-operating expenses is principally attributable to the amendment of the Operating Agreement with Belle Corporation in 2012.

On May 20, 2013, ABLGI executed an Omnibus Loan and Security Agreement (OLSA) of P3 Billion Pesos with BDO Unibank, Inc. as Lender, BDO Unibank, Inc – Trust and Investment Group as Security Trustee and the

Company, LRWC, as Surety. The OLSA was executed to partially fund the ABLGI contribution pursuant to the Agreements wherein ABLGI will provide funding to Belle for the Belle Grande Integrated Casino & Resort Project.

PIKI

The Company's wholly-owned subsidiary, Prime Investment Korea, Inc. (PIKI) and the Philippine Amusement and Gaming Corporation (PAGCOR) executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City. The Junket Agreement is effective for a period of three (3) years and renewable at the option of PAGCOR.

Concurrent with the execution of the Junket Agreement with the PAGCOR, PIKI executed a Sub-Agency Junket Agreement with Gurutech Asia, Inc. (Sub-Agent) wherein PIKI and the Sub-Agent will jointly conduct junket gaming operations in accordance with and under similar terms and conditions as the PAGCOR Junket Agreement.

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 Bayan/Panglungsod. 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

The authority of FCLRC to act as regulator and master licensor of locators in CEZA is pursuant to the power of the Cagayan Economic Zone Authority (CEZA) under Section 6(f) of RA 7922 to operate on its own, either directly or through a subsidiary entity, or license to others, tourism related activities including gambling casinos. As this is subject to CEZA regulations, revenues may be affected in the event that the authority of FCLRC as regulator and master licensor is revoked, limited, revised or amended.

In addition, 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.

Risk of Investing

LRWC encourages any prospective investor to evaluate and consider the risks associated with the Preferred Shares; for the purpose, presented below, in the order of importance based on LRWC's perspective, are the risks which are material to investing in LRWC:

1. Risks relating to LRWC;
2. Risks relating to the Philippines;
3. Risks relating to the Offer and Common Shares;
4. Risks relating to the statistical information in the Prospectus.

Please refer to the section entitled "Risk Factors" on page 29 of this Prospectus, which, while not intended to be an exhaustive enumeration of all the risks, must be considered in making an investment decision on the securities of LRWC.

Corporate Information

LRWC is a Philippine corporation with its registered office and principal executive offices located at 26TH Floor, Philippine Stock Exchange Center, Tektite West Tower, Exchange St., Ortigas Center, Pasig City. LRWC's telephone number is +63(2) 637-5291 to 93 and its fax number is +63(2) 635-0993. Its corporate website is www.lrwc.com.ph. The information contained in LRWC's website is not incorporated by reference into, and does not constitute part of, this Prospectus.

SUMMARY OF THE OFFER

Leisure & Resorts World Corporation (hereinafter referred to as “Company” or “LRWC”), through the Underwriter, is offering for subscription a total of 250,000,000 Preferred Shares at a Price of Php1.00 per Offer Share, the 12,500,000 warrants to be issued free of charge, and the underlying 12,500,000 common shares. The Offer Shares have a par value of Php1.00 per Share and are being made available for subscription and purchase in the Philippines.

Leisure & Resorts World Corporation is raising equity through the subscription of perpetual preferred shares up to the amount of Php250 million. This is equivalent to 250,000,000 Preferred Shares of stock of the Company (the “Offer Shares”).

The Offered Shares will be listed on the Philippine Stock Exchange upon approval by the Board of PSE and the issuance by the SEC of the Permit to Sell Securities, and subject to LRWCs compliance to the conditions imposed by the PSE on the listing of the Offer Shares.

Use of Proceeds

The net proceeds of the Offer, estimated at Php250 million, shall be used to finance the following:

- Acquisition, expansion and renovation of gaming sites; and
- Capital Expenditure to set up a data center for online games, and establishment of a telecommunications network.

See section entitled “Use of Proceeds” on page 36 of this Prospectus.

Statistics Relating to the Shares of LRWC

Authorized capital stock	5,000,000,000
Common shares outstanding before the Offer	1,199,852,512
Preferred Shares to be issued in the Offer	250,000,000
Preferred Shares before the Offer	1,650,000,000
Offer Price per Share	Php 1.00
Warrants and underlying Common Shares before the Offer	82,500,000
Warrants and underlying Common Shares to be issued in the Offer	12,500,000
Common shares outstanding after the Offer	1,199,852,512

Preferred Shares

As of the date of this Prospectus, LRWC is authorized to issue 2,500,000,000 preferred shares with a par value per share of Php1.00 for an aggregate par value of Php2.5 billion. To date, LRWC has issued Php 1.65 billion worth of preferred shares issued through a private placement. The 1,650,000,000 Preferred Shares will be listed in the Exchange. The additional listing application was filed on September 20, 2013.

Preferred Shareholders	No. of Shares	Amount Paid (Php)
Government Service Insurance System	800,000,000	800,000,000.00
Philippine Commercial Capital, Inc.	200,000,000	200,000,000.00
Philippine Business Bank, Inc. - Trust and Investment Center	200,000,000	200,000,000.00
Vantage Equities, Inc	100,000,000	100,000,000.00
Beneficial Life Insurance Co., Inc.	100,000,000	100,000,000.00
Maybank ATR Kim Eng Capital Partners, Inc. as Trustee	100,000,000	100,000,000.00
United Coconut Planters Life Assurance Corporation	50,000,000	50,000,000.00
Cocolife Fixed Income Fund Inc.	50,000,000	50,000,000.00
Liberty Flour Mills Inc.	50,000,000	50,000,000.00
Total	1,650,000,000	1,650,000,000.00

TERMS AND CONDITIONS OF THE OFFER

Total Number of Offer Shares:	250,000,000 preferred shares
Maximum number of common shares underlying the Warrants:	12,500,000 common shares
Total number of outstanding shares:	1,199,852,512 common shares
Total number of shares outstanding upon full conversion of all the Warrants:	1,294,852,512 common shares
Strike Price for the underlying common shares for each warrant:	The lower of either: a. P15.00 per share b. The average of the past three months of trading less 10% discount. Warrants are exercisable starting on the fifth (5 th) anniversary of the issuance of the warrants.
Total proceeds raised upon the full payment of the Preferred Shares and the exercise of all the Warrants at P15.00 per share:	Php437,500,000
Brief description of use of proceeds	LRWC intends to use the proceeds from the Offer to partially fund its planned acquisition and expansion of gaming sites and capital expenditures to set-up a data center for online gaming.
Dividend policy:	The declaration of cash, stock or property dividends shall depend on the availability of unrestricted retained earnings. There is no policy setting aside a certain percentage of unrestricted retained earnings for purposes of dividend declarations.
Address and telephone number of the Company's principal office	26 th Floor Philippine Stock Exchange Centre, Tektite West, Exchange Road, Ortigas Center, Pasig City, Metro Manila Telefax No. (632) 634-8250

Offer Period	<p>The Offer Period shall commence on December 2, 2013 and end at 12:00 noon of December 13, 2013. LRWC and the Underwriter reserve the right to extend or terminate the Offer Period with the approval of the SEC and the PSE.</p> <p>Applications must be received by the Receiving Agent not later than 12:00 noon, Manila Time on December 13, 2013 if filed through a Selling Agent or PSE Trading Participants. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to the Selling Agent or Underwriter, and shall be subject to the terms and conditions of the offer as stated in this Prospectus and in the Application. The actual subscription and/or purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE.</p>
Minimum Subscription Eligible Investors and	<p>Each Application must be for a minimum of 1,000 Offer Shares, and thereafter, in multiples of 1,000 Offer Shares. No Application for multiples of any other number of shares will be considered.</p>
Restrictions on Ownership	<p>The Offer Shares may be subscribed to or held by any person of legal age or duly organized and existing corporations, partnerships or other juridical entities regardless of nationality, subject to the restriction by law.</p> <p>Aggregate foreign ownership in LRWC cannot exceed the maximum of 40 per cent of the issued and outstanding capital stock. An individual non-Filipino individual and non-bank entity can only acquire up to 40 per cent of the issued and outstanding capital stock of LRWC. Accordingly, LRWC cannot allow the issuance of shares or record the transfer of shares to persons other than Philippine Nationals if such issuance or transfers shall exceed the above-mentioned foreign ownership limits.</p>

Procedure for Application

Application forms to subscribe for Offer Shares in the Offer may be obtained from the Selling Agents or the underwriter. All Applications shall be evidenced by the Application to Subscribe and Purchase form, duly executed in each case by an authorized signatory of the applicant and accompanied by two (2) completed signature cards, which in the case of corporate and institutional applicants, should be authenticated by the corporate secretary, and the corresponding payment for the Offer Shares covered by the Application, photocopy of two (2) valid identification cards (IDs) for each signatory and all other required documents. The duly executed Application and required documents should be submitted during the Offer Period to the same office where it was obtained.

If the applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following documents:

A certified true copy of the applicant's latest Articles of Incorporation and By-laws or Partnership and other constitutive documents (each as amended to date) duly certified by its corporate secretary;

A certified true copy of the applicant's SEC certificate of registration duly certified by its corporate secretary;

A duly notarized corporate secretary's certificate setting forth the resolution of the applicant's board of directors or equivalent body authorizing the purchase of the Offer Shares indicated in the application, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and certifying the percentage of the applicant's capital or capital stock held by Philippine Nationals.

Foreign corporate and institutional Applicants, in addition to the documents required for corporate Applicants, are required to submit, in quadruplicate, together with the Application, a representation and warranty stating that their investing in the Offer Shares being applied for will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Offer Shares.

Payment Terms

The Offer Shares must be paid for in full upon submission of the Application. Payment must be made by a check drawn against a bank in Metro Manila to the order of "LRWC Preferred". The check must be dated as of the date of submission of the Application and crossed for deposit.

Acceptance/Rejection of Applications	<p>The actual number of Offer Shares that an Applicant will be allowed to subscribe for in the Offer is subject to the confirmation of the Underwriter. Applications shall be subject to the final approval of LRWC. LRWC, through the Underwriter, reserves the right to accept or reject, in whole or in part, any Application. Applications where checks are dishonored upon first presentation and Applications which do not comply with the terms of the Offer shall be rejected. Any payment received pursuant to the Application does not mean approval or acceptance by LRWC of the Application.</p> <p>An Application, when accepted, shall constitute an agreement between the applicant and LRWC for the subscription to the Offer Shares at the time, in the manner and subject to the terms and conditions set forth in the Application and those described in this Prospectus.</p> <p>Notwithstanding the acceptance of any Application by the Underwriter or their duly authorized representatives, acting for or on behalf of LRWC, the actual subscription and/or purchase by the applicant of the Offer Shares will become effective only upon listing of the Offer Shares on the PSE and upon the obligations of the Underwriter and Selling Agents under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled, on or before the Listing Date, in accordance with the provision of the said agreement. If such conditions have not been fulfilled on or before the periods provided above, all application payments will be returned to the applicants without interest and, in the meantime, the said application payments will be held in a separate bank account with the Receiving Agent.</p>
Refunds	<p>In the event that the number of Offer Shares to be received by an applicant, as confirmed by the Underwriter, is less than the number covered by its Application, or if an Application is rejected by LRWC, then the Joint Lead Underwriters shall refund, without interest, within five (5) Banking Days from the end of the Offer Period, all, or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Underwriter or Selling Agent with whom the applicant has filed the Application, at the latter's risk.</p>
Documentary Stamp Taxes	<p>All documentary stamp taxes applicable to the original issuance of the Offer Shares by LRWC shall be for the sole account of LRWC.</p>
Registration and Lodgment of Shares with the PDTC	<p>All Offer Shares will be issued in scriptless form and lodged with the PDTC. The Applicant should indicate the lodgment information in the Application. The Offer Shares will be lodged with the PDTC at least two (2) trading days prior to the Listing Date.</p> <p>The Applicant may request for the upliftment of their shares and to receive stock certificates evidencing their investment in the Offers Shares through his/her broker after the Listing Date. Any expense to be incurred on such issuance of certificates shall be borne by the Applicant.</p>

Registration of Foreign Investments

The Bangko Sentral ng Pilipinas requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See “Foreign Exchange Regulations and Ownership.”

Restriction on Issuance and Disposal of Shares

There are no restrictions on the issuance and disposal of the Offered shares.

Listing and Trading

LRWC’s application for the listing of the Offer Shares was approved by the PSE on November __, 2013. All of the Offer Shares are expected to be listed on the PSE under the symbol “LRP” on or about [] date. Trading of the Common Shares that are not subject to lock-up is expected to commence on the same date

Expected Timetable

The expected timetable of the Offer is tentatively scheduled as follows:

Start of Offer Period	December 2, 2013
PSE Trading Participants’ Commitment Period	[xxx,xxx, 2013]
Local Small Investor Offer Period	[xxx,xxx, 2013]
Underwriters’ Offer Period	[xxx,xxx, 2013]
End of Offer Period	December 13, 2013
Listing date	[xxx,xxx, 2013]

SELECTED FINANCIAL AND OPERATING INFORMATION

The following tables set forth selected financial information for LRWC and should be read in conjunction with LRWC's financial statements audited by KPMG MANABAT SANAGUSTIN & CO., for the years ending December 31, 2010 to 2012 and for the six-month period ending June 30, 2013, including the notes thereto, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this Prospectus. The following data is qualified in its entirety by reference to all of that information.

Statement of Income Data

In Php Millions	For the years ended December 31			For the 6-month period ended June 30	
	2012 (audited)	2011 (audited)	2010 (audited)	2013 (unaudited)	2012 (unaudited)
REVENUES					
Traditional bingo	P1,832.16	P2,005.90	P2,194.95	P854.19	P938.69
Electronic bingo – net	1,630.53	1,151.80	859.63	975.00	760.87
Service and hosting fees	577.84	216.75	295.71	376.38	289.40
Rapid bingo – net	381.53	450.80	466.72	187.59	228.68
Pull tabs	6.51	12.76	19.09	1.91	4.05
Instant charity bingo	0.45	8.45	16.48	-	-
	4,429.01	3,846.45	3,852.58	2,395.07	2,221.70
FRANCHISE FEES AND TAXES	1,724.87	1,181.06	1,180.39	971.25	831.45
NET REVENUES	2,704.14	2,665.39	2,672.19	1,423.83	1,390.25
COST AND OPERATING EXPENSES					
Payouts	1,349.56	1,476.67	1,542.71	657.68	704.61
Rent	311.53	371.49	212.01	164.77	177.23
Salaries and wages	196.16	167.42	160.70	115.81	98.61
Communications and utilities	163.11	166.33	155.70	88.87	85.85
Contracted services	143.24	225.03	101.08	84.50	76.54
Depreciation and amortization	125.99	89.60	66.25	58.96	61.25
Employee benefits	66.23	84.03	73.46	44.65	45.69
Taxes and licenses	28.21	34.04	21.38	29.66	15.52
Impairment losses on receivables	25.38	76.20	-	-	-
Bingo cards and supplies	25.35	26.40	31.83	9.91	17.12
Transportation and travel	20.17	24.06	12.16	-	-
Marketing supplies and materials	13.81	10.08	13.19	-	-
Others	120.98	102.99	61.74	82.10	70.96
	2,589.71	2,854.34	2,452.21	1,336.92	1,353.38
OPERATING INCOME (LOSS)	114.43	(188.95)	219.98	86.91	36.87
OTHER INCOME					
Equity in net earnings of a joint venture	36.03	24.26	30.96	21.26	19.45
Equity in a net loss of an associate	(0.52)	-	-	(5.72)	-
Finance income	26.32	16.06	1.60	-	9.27
Foreign exchange gain (loss) – net	(3.91)	4.96	6.71	-	-
Finance expense	(38.03)	(46.26)	(43.20)	(52.20)	-
Other income – net	236.02	140.09	32.22	122.04	29.49
	255.91	139.12	28.29	85.38	58.20
INCOME (LOSS) BEFORE INCOME TAX	P370.34	(P49.83)	P248.27	172.29	95.07
In Php Millions	For the years ended December 31			For the 6-month period ended June 30	
	2012 (audited)	2011 (audited)	2010 (audited)	2013 (audited)	2012 (audited)
INCOME TAX EXPENSE (BENEFIT)	21.93	(54.17)	7.25	29.14	7.47
NET INCOME	348.41	4.33	241.02	143.15	87.60
Attributable to:					
Owners of the Parent Company	280.07	(36.38)	205.04	102.48	57.14
Non-controlling interest	68.34	40.72	35.98	40.67	30.46

	348.41	4.33	241.02	143.15	87.60
OTHER COMPREHENSIVE INCOME					
Foreign currency translation gain	0.07	0.01	-	(0.55)	0.10
TOTAL COMPREHENSIVE INCOME	P348.48	P4.35	P241.02	P142.60	P87.70
Attributable to:					
Owners of the Parent Company	P280.14	(P36.37)	P205.04	P101.93	57.25
Non-controlling interest	68.34	40.72	35.98	40.67	30.46
	P348.48	P4.35	P241.02	P142.60	P87.70

Statement of Financial Position Data

In Php millions	For the years ended December 31			For the 6-month period ended June 30	
	2012 (audited)	2011 (audited)	2010 (audited)	2013 (unaudited)	2012 (unaudited)
ASSETS					
Current Assets					
Cash and cash equivalents	P191.07	P944.28	P101.56	P289.45	P963.04
Receivables – net	291.35	367.81	479.87	311.66	462.06
Bingo cards	16.03	17.71	16.93	21.63	17.07
Prepaid expenses and other current assets	243.60	218.09	11.77	236.26	215.09
Due from related parties	46.40	25.66	11.83	98.44	7.52
Total Current Assets	788.45	1,573.54	621.95	957.43	1,664.77
Noncurrent Assets					
Property and equipment – net	321.64	403.90	270.63	309.51	425.64
Investment property - net	121.42	128.66	122.58	117.47	124.76
Investments and advances – net	1,656.29	630.10	216.26	5,899.52	249.99
Deferred tax assets	60.40	64.54	-	64.95	64.54
Goodwill – net	546.32	546.32	530.99	547.32	546.32
Other assets – net	429.55	355.30	667.18	464.17	789.73
Total Noncurrent Assets	3,135.60	2,128.82	1,807.64	7,402.94	2,200.98
	P3,924.05	P3,702.36	P2,429.59	P8,360.37	P3,865.75
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	P742.63	P733.38	P503.17	P926.49	P816.03
Short-term loans payable	95.46	99.68	84.15	1,197.02	92.44
Current portion of long-term loans payable	12.57	24.26	43.39	114.91	22.19
Current portion of obligations under finance lease	0.09	1.30	5.30	0.37	4.49
Due to a related party	9.07	9.07	9.07	9.07	9.07
Income tax payable	4.84	6.06	2.84	27.17	4.22
Total Current Liabilities	864.66	873.74	647.92	2,275.03	948.43
Noncurrent Liabilities					
Long-term loans payable – net of current portion	19.14	31.71	54.76	2,886.66	23.55
Retirement benefits liability	43.06	36.63	31.86	47.85	40.69
Rent deposit	4.73	4.11	2.93	4.42	4.11
Obligations under finance lease – net of current portion	10.20	0.63	1.86	8.63	5.73
Total Noncurrent Liabilities	77.13	73.08	91.41	2,947.56	74.08
	941.80	946.82	739.33	5,222.59	1,022.51
Equity					
Equity Attributable to Equity Holders of the Parent Company					
Common and Preferred Stock – P1 par value					

Authorized – 5M shares (2.5M Common and 2.5M Preferred)					
Subscribed Common (1,99,975,418 from stock dividend)					
Preferred (651,000,000 shares of which Subscription Receivable amounted to P638,231,563)	-	-	-	P12.77	-
Issued – 999,877,094 shares	999.88	999.88	849.88	999.88	999.88
Additional paid-in capital	1,114.03	1,114.03	128.88	1,114.03	1,114.03
Retained earnings	721.46	516.38	625.86	823.94	573.52
Foreign currency translation reserve	0.07	0.01	-	(0.55)	0.11
Treasury shares	(18.69)	(18.69)	(20.79)	(18.69)	(18.69)
	2,816.74	2,611.60	1,583.83	2,931.37	2,668.85
Non-controlling interest	165.51	143.93	106.43	206.41	174.39
Total Equity	2,982.25	2,755.53	1,690.26	3,137.78	2,843.24
	P3,924.05	P3,702.36	P2,429.59	P8,360.37	P3,865.75

Statement of Cash Flows Data

In Php Millions	For the years ended December 31		
	2012 (audited)	2011 (audited)	2010 (audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	370.34	(49.83)	248.27
Adjustments for:			
Depreciation and amortization	125.99	89.60	66.25
Finance Expense	38.03	46.26	43.20
Retirement benefits liability	6.43	4.77	2.81
Unrealized foreign exchange gain	(10.51)	(1.57)	(2.86)
Impairment losses on receivables	25.38	76.20	-
Equity in net loss of an associate	0.52	-	-
Loss on write-off of property and equipment	0.04	0.31	-
Equity in net earnings of a joint venture	(36.03)	(24.26)	(30.96)
Finance income	(20.27)	(15.38)	(0.19)
Dividend income	-	(0.68)	(1.41)
Operating income before working capital changes	499.92	125.41	325.10
Decrease (increase) in:			
Receivables	49.41	40.77	53.79
Bingo cards	1.68	(0.67)	1.28
Prepaid expenses and other current assets	(25.51)	(206.15)	9.36

Increase (decrease) in:			
Trade and other payables	(24.47)	197.89	(41.16)
Due to a related party	-	(39.23)	-
Rent Deposit	0.62	1.18	2.93
Cash generated from operations	501.65	119.19	351.30
Interest received	20.27	15.38	0.19
Interest paid	-	(46.79)	(43.20)
Income taxes paid	(19.01)	(7.15)	(9.14)
Net cash provided by (used in) operating activities	502.92	80.64	299.16
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	(131.85)	(191.26)	(156.20)
Acquisitions of investment property	(0.55)	(13.20)	(2.60)
Acquisition of subsidiaries	-	(1.15)	-
Dividends received	-	0.68	1.41
Proceeds from disposal of property and equipment	114.12	1.08	-
Decrease (increase) in:			
Due from related parties	(20.68)	(13.82)	(5.24)
Other assets	(82.92)	307.63	(148.56)
Investments and advances	(990.68)	(385.70)	49.08
Net cash used in investing activities	(1,112.56)	(295.75)	(262.10)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans payable	24.16	349.70	163.10
Dividends paid	(66.89)	(48.41)	(67.99)
Payment of loans payable	(52.63)	(376.87)	(111.46)
Dividends paid to non-controlling interest	(46.76)	(1.05)	(16.41)
Payment of obligations under finance lease	(2.00)	(5.23)	(2.16)
Proceeds from issuance of stocks	-	1,125.00	-
Proceeds from sale of treasury shares	-	12.24	-
Acquisition of treasury shares	-	-	(1.01)
Net cash provided by (used in) financing activities	(144.12)	1,055.37	(35.92)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	0.56	2.44	(1.92)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(753.21)	842.71	(0.79)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	944.28	101.56	102.35
CASH AND CASH EQUIVALENTS AT END OF YEAR	191.07	944.28	101.56

Statement of Cash Flows Data

In Php Millions	For the 6-month period ended June 30	
	2013 (unaudited)	2012 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before franchise fees and taxes	1,073.72	888.59
Adjustments for:		
Depreciation	58.96	57.25
Equity in net loss of an associate	5.72	-
Equity in net earnings of a joint venture	(21.26)	(19.45)
Finance income (expense) – net	52.20	(9.27)
Operating income before working capital changes	1,169.34	917.12
Decrease (increase) in:		
Receivables	(20.31)	(95.52)
Bingo cards	(5.60)	0.64
Prepaid expenses and other current assets	7.34	3.01
Increase (decrease) in:		
Trade and other payables	183.86	82.66
Due to a related party	22.33	(1.85)
Rent Deposit	(0.31)	-
Retirement benefits liability	4.79	4.06
Cash generated from operations	1,361.45	910.12
Finance income (expense) – net	(52.20)	9.27
Franchise fees and taxes paid	(971.25)	(831.45)
Net cash from operating activities	338.00	87.94
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal (Acquisitions) of property and equipment – net	(46.83)	(78.99)
Disposal (Acquisitions) of investment property – net	3.95	3.89
Decrease (Increase) in investment and advances	(4,227.70)	(29.93)

Decrease (Increase) in due from related parties	(52.04)	26.91
Decrease (Increase) in deferred tax assets	(4.56)	-
Decrease (Increase) in other assets	(35.62)	(12.44)
Net cash used in investing activities	(4,362.80)	(90.56)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment (Payment) of loans payable – net	4,071.42	(17.47)
Availment (Payment) of obligations under finance lease –net	(1.29)	8.29
Paid up capital – preferred	12.77	-
Functional currency translation reserve	(0.6)	0.1
Increase in non-controlling interest	40.90	30.46
Net cash provided (used) in financing activities	4,123.18	21.39
NET INCREASE (DECREASE) IN CASH	98.38	18.77
CASH AT BEGINNING OF PERIOD	191.07	944.28
CASH AT END OF PERIOD	289.45	963.04

Key Performance Indicators

	For the years ended December 31		
	2012 (audited)	2011 (audited)	2010 (audited)
Current Ratio ⁽¹⁾	91.2%	180.1%	96.0%
Debt to Equity Ratio ⁽²⁾	31.6%	34.4%	43.7%
Asset to Equity Ratio ⁽³⁾	132%	134%	
Payout Turn-over Ratio ⁽⁴⁾	2.00 times	1.81 times	1.73 times
Return on Average Equity ⁽⁵⁾	12.1%	0.2%	15.0%
Return on Average Assets ⁽⁶⁾	9.1%	0.1%	10.3%
Solvency Ratio ⁽⁷⁾	50.4%	9.9%	
Interest Coverage Ratio ⁽⁸⁾	10.7	-7.7	
Net Book Value Per Share ⁽⁹⁾	3.04	2.96	2.04
Earnings (Loss) Per Share ⁽¹⁰⁾	0.2853	(0.0391)	0.2472

Notes:

1. Current Ratio is equivalent to Current Assets divided by Current Liabilities.
2. Debt to Equity Ratio is equivalent to Total Liabilities divided by Stockholders' Equity.
3. Asset to Equity Ratio is equivalent to Total Assets divided by Stockholders' Equity.
4. Payout Turn-over is equivalent to Net Revenues divided by Payout.
5. Return on Average Equity is equivalent to Net Income divided by Average Equity.
6. Return on Average Assets is equivalent to Net Income divided by Average Total Assets.
7. Solvency Ratio is equivalent to the sum of Net Income and Depreciation divided by Total Liabilities.
8. Interest Coverage Ratio is equivalent to Income Before Interest & Tax divided by Interest Expense.
9. Net Book Value Per Share is equivalent to Stockholders' Equity divided by Weighted Average Shares Outstanding
10. Earnings (Loss) Per Share is equivalent to Net Income divided by Weighted Average Shares Outstanding.

Key Performance Indicators

	For the 6-month period ended June 30	
	2013 (unaudited)	2012 (unaudited)
Current Ratio ⁽¹⁾	42%	91%
Debt to Equity Ratio ⁽²⁾	166%	32%
Asset to Equity Ratio ⁽³⁾	266%	132%
Rate of Payout to Net Revenues ⁽⁴⁾	46.2%	50.7%
Return on Average Equity ⁽⁵⁾	3.3%	4.0%
Return on Average Assets ⁽⁶⁾	1.7%	2.9%
Solvency Ratio ⁽⁷⁾	3.1%	11.2%
Interest Coverage Ratio ⁽⁸⁾	3.5	7.2
Net Book Value Per Share ⁽⁹⁾	3.14	2.98
Earnings (Loss) Per Share ⁽¹⁰⁾	0.102	0.057

Notes:

1. Current Ratio is equivalent to Current Assets divided by Current Liabilities.
2. Debt to Equity Ratio is equivalent to Total Liabilities divided by Stockholders' Equity.
3. Asset to Equity Ratio is equivalent to Total Assets divided by Stockholders' Equity.
4. Rate of Payout to Net Revenues is equivalent to Payout divided by Net Revenues.
5. Return on Average Equity is equivalent to Net Income divided by Average Equity.
6. Return on Average Assets is equivalent to Net Income divided by Average Total Assets.
7. Solvency Ratio is equivalent to the sum of Net Income and Depreciation divided by Total Liabilities.
8. Interest Coverage Ratio is equivalent to Income Before Interest & Tax divided by Interest Expense.
9. Net Book Value Per Share is equivalent to Stockholders' Equity divided by Weighted Average Shares Outstanding
10. Earnings (Loss) Per Share is equivalent to Net Income divided by Weighted Average Shares Outstanding.

Properties

The following properties are currently being held by LRWC and its subsidiaries as owners or lessees thereof:

		Location	Area (sq.m.)	Period	Condition	Lien
AB LEISURE EXPONENT (ABLE)						
A.	Properties owned					
	Leasehold improvements				Good	N/A
1.	Bingo Equipment & paraphernalia				Good	N/A
B.	Leases (75 Bingo Sites)	See attached schedule (Annex __)				
FIRST CAGAYAN LEISURE & RESORT CORP. (FCLRC)						
A.	Properties owned					
1.	Land Rights	Sta. Ana, Cagayan	1,693,806		Good	N/A
2.	Airstrip improvements	Sta. Ana, Cagayan			Good	N/A
3.	Aircraft				Good	BDO Loan
4.	Leasehold improvements	Sta. Ana, Cagayan			Good	N/A
5.	Condominium unit	Cityland, Makati City	124.38		Good	N/A
B.	Leases (8 lease	See Attached schedule (Annex __)				

	contracts)					
LR LAND DEVELOPERS, INC. (LRLDI)						
A.	Properties owned					
1.	Cyberpark Building	Sta. Ana, Cagayan	2,875		Good	N/A
2.	Land Improvements	Sta. Ana, Cagayan			Good	N/A
B.	Leases	N/A				
BLUE CHIP GAMING & LEISURE CORP. (BCGLC)						
A.	Properties owned	N/A				
B.	Leases	King's Royal Hotel & Leisure Park	782	11/01/13-10/31/14		
		Olongapo, Gapan Road,				
		Macabacle, Bacolor, Pampanga				
BBC HONGKONG						
A.	Properties owned	N/A				
B.	Leases	4/F The Phoenix No. 23 Luard Road	336	01/01/11-12/31/13		
		corner Jaffe Road, Wanchai, Hongkong				

RISK FACTORS

Prior to making an investment decision, the prospective investors should carefully consider the risks described below in addition to the other information set forth in this Prospectus including LRWC's financial statements and notes relating thereto included herein.

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance. There may be a big difference between the buying price and the selling price of these securities. Investors deal in a range of investments, each of which may carry a different level of risk.

This risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. Any investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. He/she may request information on the securities and the issuer thereof from the SEC which are available to the public.

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities.

The means by which LRWC plans to address the risk factors discussed herein are principally presented in the sections of this Prospectus entitled "Management of Risks" discussed on page 34.

Risks related to LRWC

LRWC operates in a highly competitive environment, against larger players, and faces significant challenges to its ability to sustain or gain a share of the market and generate profit.

ABLE

ABLE and its subsidiaries operate bingo parlors that are licensed to operate by both Pagcor and by local governments units. By the nature of the business, there is a risk of possible non-renewal of business permits by the local governments where a branch operates. To counter this risk ABLE obtained ordinances to do business from the respective local city councils. Pagcor's permits are also renewed on a yearly basis and are renewed as long as there are no violations on the part of the grantee.

The bingo halls are located in high traffic areas, specifically in the SM and Robinson malls as well as other mall developers. The company may find it difficult to find similar high traffic areas should the lease contracts not be renewed upon expiration or if the lessors raise rentals fees that may not be economically feasible to continue its lease. ABLE has expanded to other locations so the effect of non-renewal of one or two leases will not have a significant effect on ABLE's total operations.

ABLE's expansion and rollout of electronic games is also dependent on its suppliers' ability to provide its machine requirements. This supply risk is mitigated by having multiple suppliers and notifying the suppliers well ahead of the target opening dates.

There is also the risk that the Bureau of Internal Revenue may issue a contrary ruling to impose additional income taxes in addition to the corporate income tax that has recently been mandated by the Commissioner of the BIR. Previously, there was a 5% franchise tax on revenues that were in lieu of all other national and local taxes.

LRWC and some of its subsidiaries are exposed to foreign currency risk

First Cagayan's revenues are dependent on locators whose business is in internet gaming operations outside the Philippines. First Cagayan revenues from the business locators are billed in dollars. Future restrictive government regulations in countries where internet gaming operations take place may affect the revenues of First Cagayan's locators and hence First Cagayan's revenues.

Since First Cagayan earns its revenues in dollars, a significant depreciation in the dollar may adversely affect the financial viability of operations. There can be no assurance that: (a) the Peso will not be subject to continued appreciation or volatility; (b) the current exchange rate policy will remain the same; (c) the Government will act when necessary to stabilize the value of the Peso, or that any such action, if taken, will be successful.

Another risk is the establishment of new gaming jurisdictions which may affect FCLRC's growth.

ABLGI and HEPI

There is a risk that the Company's share of gaming revenues from the Philippine and foreign gaming markets may not be attained. There is also the risk that the international junket market, or the high net worth players, may not be attracted to the Belle Grande and Midas hotel-casinos in particular, and the Philippines in general.

The political relations between the Philippines and China may affect the travel patterns of its citizens, therefore decreasing the number of visitors to the Philippines. This will affect the junket market from China.

Visitor arrivals to the Philippines may be affected by political, economic or security issues, which may affect hotel occupancy as well as gaming revenues.

A portion of its revenue stream is denominated in foreign currency, and therefore subject to the same risks faced by First Cagayan stated above in foreign exchange revenues.

Government regulations, including but not limited to PAGCOR, may initiate changes to the present rules and regulations which may affect gaming revenues.

LRWC's line of business is closely monitored and regulated by the Government through policies that may significantly impact its daily operations and profit margins.

LRWC is exposed to the risk of investing in short-term demand deposits and money market placements.

LRWC deposits its excess cash only with reputable banks which are compliant with the prescribed capital adequacy ratio and other regulations by the Bangko Sentral ng Pilipinas. Investments on money market placements are principally in short term government securities. There are risks that such banks may fail in the future and the Company may not fully recover its deposits or placements.

LRWC is exposed to the risk that fraud and other misconduct could be committed by employees or outsiders.

LRWC's ability to retain and develop its employees and attract capable personnel has an effect on its current business, expansion plans, and future business performance. The success of LRWC, like any other company, rests on its management and employees. In the event that LRWC is unable to retain its existing key officers or develop capable replacements for these individuals, LRWC's operations and business performance will suffer. LRWC's expansion plans will require it to attract and recruit new managers and employees and given the increasing competition, there is no assurance that LRWC will be able to employ such individuals or employ these at salary and compensation arrangements that are favorable to RWC.

LRWC's risk assessment and monitoring methods varies from those of its more developed and established counterparts.

LRWC's risk assessment may be different from other institutions. LRWC's pertinent player data such as the playing history of its players may be incomplete or obsolete. Consequently, the effectiveness of LRWC's risk management may not be at par with other companies. If LRWC is unable to attain the necessary expertise and systems similar to its peers, LRWC's ability to manage the risks inherent in its business, to expand its market share and to enhance its profitability may be adversely affected.

LRWC is highly dependent on its IT systems.

LRWC's business relies significantly on its IT capability to interconnect various games and machines and certain bingo halls. In addition, LRWC's financial control, risk management, accounting, data collection systems, and communication networks connecting LRWC's bingo halls and Bingo Boutiques depend significantly on LRWC's IT systems.

LRWC is exposed to risk related to its information and technology processes and systems. Both the physical hardware and the software utilized by LRWC in its information technology systems are susceptible to damage and problems due to human error, natural disasters, malfunction, misconduct, computer viruses, sabotage, power loss or the disruption or loss of support services from entities such as internet service providers and telephone companies.

LRWC searches for ways to defend and shield its computer systems and network infrastructure from physical intrusions as well as security breaches and other problems that arise from the increasing use of the internet. For example, in connection with the installation, maintenance and upgrading of new technology systems, although third party access to LRWC's systems is provided only under strict supervision by representatives of LRWC, there is no certainty that outside parties may cause security breaches or other problematic disruptions. Security of the information stored and processed through LRWC's computer systems and network infrastructure would be compromised by computer break-ins and security breaches. LRWC uses security systems and implements guidelines, procedures and steps to minimize break-ins, damage and failures. The potential for securities problems and fraud would most likely continue to exist and there is no certainty that any of the security measures in place will be able to prevent them from actually happening. The costs of maintaining the aforementioned security measures may also increase significantly in the future. Failure of these security measures could also have significant negative impact on LRWC's operational and financial performance.

LRWC is in the process of continuously improving many of its information and technology systems to keep up with the increasing demand for storage and processing capabilities, the expansion of its branch network, and the automation of its business processes. There can be no certainty that each system will work according to specifications and will interact well with both the existing systems and future additions. Any delays, difficulties, or disruptions encountered by any of these information and technology systems could result in errors, losses, time delays and service disruptions that may translate to actual loss in income and negative customer sentiment towards LRWC. These may, in turn, have a significant negative impact in LRWC's operational and financial performance.

LRWC could be materially and negatively affected by sudden and unfavorable changes in the Philippine tourism and gaming industry.

LRWC's financial condition and performance, is directly affected by trends and movements in the Philippine tourism and gaming industry. Disruptions in the financial sector or in the general economic conditions of the Philippines may cause the Philippine tourism industry, to encounter similar problems faced during the Asian economic crisis such as decreased consumer spending, contraction of business and less money spent on non-essential items like travel and leisure activities.

The current global economic climate could negatively impact LRWC's business.

Risks Relating to the Philippines

LRWC is exposed to risks associated with the Philippines because substantially all of LRWC's assets and business activities are based in the Philippines.

Hence, LRWC's business is also dependent on the state of the Philippine economy. Factors that may adversely affect the Philippine economy include:

- uncontrollable inflation and increasing interest rates;
- high unemployment, dwindling consumer confidence and low income;
- exchange rate fluctuations;
- slowdown in business, industrial, manufacturing and financial activities;
- credit scarcity resulting in lower consumer spending;
- changes in Government fiscal policy;
- re-emergence epidemic diseases such as SARS and avian influenza;
- natural catastrophes;
- political instability, mutinies, acts of terrorism and military conflict.

While it appears that the country is expected to attain strong economic fundamentals in the future, any abrupt changes in the conditions in the country may adversely affect LRWC's business, financial position and profitability.

Political instability in the Philippines may negatively impact LRWC's business, financial standing and profitability.

In recent years, the Philippines has seen several unsuccessful military uprisings and, every so often, public protests are held. A turbulent political atmosphere diminishes investor confidence and may adversely affect LRWC's business. Despite the high approval ratings of President Benigno S. Aquino III, there can be no assurance that the country will avoid political turmoil.

Terrorist acts and high-profile violent crimes threaten the countries stability and may have an adverse effect on LRWC's business, financial standing and profitability.

In recent history, the country has seen its share of acts crime, peace and order issues, and acts of violence. These incidents alienate affected parties and have adverse effects on tourist arrivals, investor confidence, and consequently, the Philippine economy.

LRWC's business may be affected by the Philippines' sovereign credit rating.

A downgrade of the Philippines' sovereign credit rating may adversely impact the liquidity of the country's financial markets, increase interest rates, and impair the ability of local companies, including LRWC, to acquire additional financing.

Natural catastrophes may negatively affect LRWC's business, financial standing and profitability.

The Philippines is plagued by typhoons and is every so often hit by floods, earthquakes and volcanic eruptions. The occurrence of natural disasters may affect the capacity of LRWC's clients to fulfill their obligations to LRWC.

Also, despite the implementation of business continuity management measures, there can be no assurance that LRWC will be fully capable to deal with these kinds of situations and that insurance will fully compensate LRWC for the damages and economic causes brought about by these catastrophes.

Risks associated with the Offer and the Shares

The Offer Shares are subject to market price fluctuations and liquidity risks

The market price of securities fluctuates and no one can predict with certainty the behavior of share prices. There is an inherent risk of loss attached to the Offer Shares as downward price movement, even the total loss of its value, is a possibility. Prior to the Offer, there has been no public market for the Offer Shares in the Philippines. Moreover, the Philippine securities markets are substantially smaller, less active, and more volatile than other more developed markets. Hence, an investor may not be able to sell his/her shares as quickly as he/she would desire at his/her desired price.

The Shares may trade at a significantly different price from the Offer Price subsequent to the completion of the Offer. And although the Offer Shares will be listed in the PSE, there can be no assurance that an active trading market for the Shares will develop or be sustained after the Offer.

Future issuance of new Shares in the public market could adversely affect the prevailing market price of the shares and unfavorably impact the ownership of existing shareholders

In the interest of business expansion, the Board may resort to raising capital through the issuance of new equity or equity-linked securities. This may cause the market price of the Offer Shares to decline. The foregoing may affect LRWC's ability to raise capital at a time and at a price it deems appropriate.

LRWC may be unable to pay dividends on the Offer Shares

Although the dividends are cumulative, there is no assurance that LRWC can pay dividends on the Offer Shares at the specified periods in the future. Dividends, if any, are approved by the Board and will depend on LRWC's performance, financial standing, capital requirements, loan obligations, legal, regulatory and contractual restrictions, and other factors the Board may deem pertinent.

Risks Pertaining to Statistical Information in this Prospectus

Statistical information and forecasts found in this Prospectus pertaining to the tourism industry, the economy and other data were obtained from third parties, market research, internal surveys, government data, public information and industry publications. There is no assurance that these data are complete, accurate, up-to-date, and consistent with other information from sources outside the Philippines.

Refinancing and Reinvestment Risk

The Company's continued access to debt financing as a source of funding for new projects and acquisitions and for refinancing maturing debt is subject to many factors, many of which are outside of the Company's control. For example, political instability, an economic downturn, social unrest, changes in the Philippine regulatory environment could increase the Company's cost of borrowing or restrict the Company's ability to obtain debt financing. In addition, recent disruptions in the capital and credit markets may continue or intensify and such disruptions, as a result of uncertainty or failures of significant financial institutions, could adversely affect the Company's access to financing. While the Company has successfully raised funding via debt and equity despite the recent capital market disruptions, the Company cannot guarantee that it will continue to be able to arrange financing on acceptable terms.

Management of Risks

LRWC is faced with various risks specific to its business activities and general risks associated with the environment and markets under which it operates. Although risks are inherent in LRWC's activities, these risks are carefully managed through a process of identification, measurement, and monitoring subject to stringent controls as established in its risk management framework and governance structure. The responsibility for the management of these various risks lies with the Board of Directors who defines risk parameters, policies, and capacity of LRWC and the deployment, implementation, and review of risk management activities.

LRWC has a Risk Oversight Committee composed of selected members of the Board to assist and guide the Board in its risk management responsibilities. LRWC also has a Risk Management Group headed by an Internal Auditor, which is responsible for day-to-day audit, compliance checking and review of the risk management activities implemented by various departments and business units of LRWC. The Internal Auditor and the Risk Oversight Committee report directly to the Board of Directors.

Among the various risks LRWC faces are the following:

- Market Risk refers to the risks of loss in the value of securities and other investment assets arising from change in market rates or prices and resulting impact of such loss on the financial performance and condition of LRWC.
- Liquidity Risk refers to the risk that LRWC will have insufficient funds to meet maturing liabilities.
- Operating Risks refer to losses arising from inadequate or non-compliance with or breaches in internal controls, documentation, security measures, regulatory requirements and standards and other events which can result in settlement or payment failures, legal issues, business interruption, reputation loss and other consequences that will affect LRWC's financial performance and standing.

1. Management of Operating Risks

LRWC faces various operating risks in almost all aspects of its operations. Such risks can include failure of evaluation and approval processes, faulty transaction documentation, failure of computer, data storage, IT security, software systems, fraud, employee negligence, human error, and several events that can adversely affect financial performance and standing.

To mitigate operations risk, as a general policy, LRWC has standardized transaction, reviews and evaluation, security, approval and other business processes; these are contained in departmental or unit operating manuals disseminated to the various groups within LRWC. Employee training on these standards is conducted on a periodic basis. Review of these standardized processes is also conducted with appropriate improvements documented and implemented as necessary.

Also as a general policy, all critical business processes of LRWC are subject to internal review by an internal audit group reporting directly to the Board of Directors. In addition, LRWC's information system and its operations are also subject to operations and security audit conducted by LRWC's Internal Audit. Regular training on information security and risk awareness is also conducted to mitigate this risk. Moreover, LRWC has policies on business continuity and disaster preparedness which are regularly tested to ensure that management could protect its stakeholders during untoward events.

a. Operating risk management in treasury operations

LRWC has an approved authority matrix defining the authority and authority limits for its transactions. Officers that are authorized to approve transactions, execute contracts, and sign checks are clearly defined.

b. Operating risk management in Bingo hall branch operations

Operating risks in branch operations is mitigated primarily through the dissemination and strict implementation of branch operations manuals which are periodically reviewed and updated. Branch managers and personnel are also required to undergo initial and supplementary training programs so that all are familiar with the policies, processes, controls and other matters contained in the operations manual.

Further control in branches is achieved through the segregation of duties where no one individual has absolute control and authority over branch operations. The manual also contains approval and authority limits of branch officers.

Branch operations are periodically audited to ensure compliance and the level of compliance is a key measure in the performance evaluation of branch managers.

2. *Risk Oversight Committee and Internal Audit*

LRWC has two (2) key risk management units that report directly to the Board of Directors via their respective committees. The Internal Audit unit is responsible for audits of all business units within LRWC with financial audits conducted on a quarterly basis and a risk based audit conducted on a periodic basis depending on the business unit's risk score (i.e. degree of priority depending on the unit's risk units as well as results of previous audits and reviews).

The Internal Audit group reports directly to the Audit Committee whose yearly activities are identified in an annual audit plan, approved by the Audit Committee and the Board of Directors.

The Risk Oversight Committee reports to the Board of Directors. Their mandate is to identify and measure various risks that LRWC faces, provide recommendations for risk mitigating policies, controls, procedure, reports and analyses, and upon approval, to ensure the implementation of such.

USE OF PROCEEDS

The net proceeds of the Offer, estimated at Php250 million, shall be used to finance the following:

A. For Acquisition, Expansion and Renovation of Gaming Sites

	For 2014:	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
For purchase of Hotel Casino Building	25,000,000	x			
For acquisition of gaming sites	150,000,000	x	x		
For renovation of various bingo sites	25,000,000	x	x	x	
Sub-total	200,000,000				

B. Data Center Set-up

	For 2014:	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
Installation of new servers for Rapid Bingo	20,000,000	x			
Automation of enhanced management and monitoring system					
Software acquisition	10,000,000	x			
Software implementation cost	10,000,000		x		
Purchase of Equipment	10,000,000	x			
Sub-total	50,000,000				

TOTAL	250,000,000				
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The proposed use of proceeds described above represents LRWC's best estimate of the use of Offer proceeds. The actual amount and timing of disbursement of the proceeds from the Offer based on the uses stated above will depend on factors such as changing market conditions or new information regarding the cost or feasibility of LRWC's expansion projects. LRWC's cost estimates may change as it develops its plans, and actual costs may be different from its budgeted costs. To the extent that the proceeds from the Offer are not immediately applied to the above purposes, LRWC will invest the proceeds in short term demand deposits and money market placements. In the event of any deviation, adjustment or reallocation in the planned use of proceeds, the Company will secure the approval of its Board of Directors for such deviation, adjustment or reallocation and promptly make the appropriate disclosures to the Philippine SEC and the PSE. The Company shall regularly disclose to the PSE, through the Online Disclosure System ("ODiSy"), any disbursements from the proceeds generated from the Offer.

In the event that the Offer proceeds shall not be sufficient to finance the planned expansion programs, LRWC shall use its income from operations to complete the said projects.

Moreover, in the event of any deviation/adjustment in the planned use of the proceeds, the Company shall inform the shareholders and seek approval of the Commission before its implementation.

No portion of the proceeds of the Offer will be used to repay outstanding obligations of LRWC to the Underwriter, if any. Similarly, no portion of the Offer proceeds shall be used to reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, money loaned or advanced.

Expenses related to the offer shares will not be deducted from the gross proceeds. It is estimated that costs of taxes, fees to the Underwriter and selling fees, legal fees, registration fees, and other incidental expenses related to the offering will be about 5% of the gross proceeds.

PLAN OF DISTRIBUTION

The Offer Shares shall be offered, through the Underwriter, **Asian Alliance Investment Corp.**, to the general public including institutional investors and high net worth individuals. In the event that there are Offer Shares that remain unsubscribed, the Underwriter shall subscribe to the balance pursuant to the terms and conditions of the Underwriting Agreement between LRWC and the Underwriter.

LRWC shall pay the Underwriter a pre-agreed underwriting and selling commission upon receipt by LRWC of the Offer proceeds pursuant to the provisions in the Underwriting Agreement. The Underwriter will cede to the selling agents, if any, their corresponding respective selling commissions.

Underwriting Commitments

The Offer will be underwritten at the Offer Price and in connection therewith, an Underwriting Agreement will be entered into on or before the commencement of the Offer, between LRWC and the Underwriter, pursuant to which the Underwriter has firmly committed, to subscribe for, or procure subscribers for, or to purchase, or to procure purchasers for the 250,000,000 Shares to be offered. The Underwriting Agreement is subject to certain conditions and each is respectively subject to termination by the Underwriter if certain circumstances, including *force majeure*, occur on or before the time at which the Shares are listed on the PSE. In addition, this agreement is conditional, *inter alia*, on the Offer Shares being listed on the PSE on or before the stipulated date or such date as LRWC and the Underwriter may agree.

Under the terms and conditions of the Underwriting Agreement, LRWC has agreed, *inter alia*, to indemnify the Underwriter in respect of any breach of warranty by the Company contained therein.

Allocation to the Trading Participants of the PSE and Local Small Investor Program

Pursuant to the rules of the PSE, the Company will make available up to 50,000,000 Offer Shares comprising 20 per cent of the Offer for distribution to the trading participants of the PSE. The total number of Offer Shares allocated to the trading participants will be distributed following the procedures indicated in the implementing guidelines for the Offer Shares to be distributed by the PSE.

Trading participants who take up the Offer Shares shall be entitled to a selling fee of one per cent (1%) of the Offer Shares taken up and purchased by the relevant trading participant. The selling fee, less a withholding tax of 10 per cent, will be paid to the trading participants within five (5) banking days after the Listing Date.

The trading participants of the PSE may be allowed to subscribe for their dealer accounts provided that, if they opt to sell the Offer Shares to the clients during the Offer period, it must be at a price not higher than the Offer Price per share. Likewise, the trading participants are prohibited from selling the Offer Shares during the period after the Offer period and prior to the Listing Date.

The balance of the Offer Shares allocated but not taken up by the trading participants will be distributed **to the** underwriter.

A total of 25,000,000 Offer Shares, or 10 per cent of the Offer, shall be made available to Local Small Investors. Local Small Investors is defined as a subscriber to the Offer who is willing to subscribe to a maximum of 10,000 Offer Shares under the LSI program. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Underwriter shall allocate the Offer Shares by balloting.

There are no Offer Shares which are designated to be sold to specified persons.

Underwriters' Compensation

The underwriting and selling fees to be derived by the Underwriter from the Offer shall be based on a percentage of the gross proceeds of the Offer, which shall be inclusive of amounts to be paid to other participating underwriters and selling agents.

All reasonable out-of-pocket expenses to be incurred by the Underwriter in connection with the Offer shall be for the account of LRWC.

The Underwriter

Asian Alliance Investment Corp. was incorporated on November 9, 1995 with an authorized capital of PhP300 million and obtained its license from the Securities and Exchange Commission on April 8, 1996 to operate as an investment house, authorized to engage in underwriting or distribution of securities to the public,.

The Underwriter has engaged in transactions with, and performed various investment banking services for the Company in the past. The Underwriter has no other direct or indirect interest in the Company or in any securities thereof, including options, warrants, or rights thereto. Furthermore, it does not have any relationship with the Company other than as the Underwriter for the Offer.

DIVIDEND POLICY

LRWC is authorized under Philippine laws to declare dividends, subject to certain requirements. The Board is authorized to declare dividends only from its unrestricted retained earnings and these dividends may be payable in cash, shares or property, or a combination of thereof as may be determined by the Board. A cash dividend declaration does not require any further approval from shareholders. The declaration of stock dividends is subject to the approval of shareholders holding at least two-thirds of LRWC's outstanding capital stock. The Board may not declare dividends which will impair its capital.

Common shares

As of the date of this Prospectus, LRWC has not adopted a specific dividend policy which defines a minimum percentage of net earnings to be distributed to its common shareholders. However, LRWC has been declaring dividends for its common shares since 2006.

On July 30, 2010, the BOD approved the declaration of cash dividend equivalent to Three centavos (Php0.03) per share payable to all common stockholders of record as of August 27, 2010, another cash dividend of Three centavos (Php0.03) per share payable to all common stockholders of record as of November 26, 2010 and another cash dividend of Two Centavos (Php0.02) per share payable to all common stockholders of record as of January 28, 2011.

On July 29, 2011, the BOD approved the declaration of cash dividend equivalent to Three centavos (Php0.030) per share payable to all common stockholders of record as of September 28, 2011, another cash dividend of Two and a Half Centavos (Php0.025) per share payable to all common stockholders of record as of January 30, 2012 and another cash dividend of Two Centavos (Php0.020) per share payable to all common stockholders of record as of February 29, 2012.

On July 27, 2012, the BOD approved the declaration of cash dividend equivalent to Four Centavos (Php0.040) per share payable to all common stockholders of record as of September 28, 2012, and another cash dividend of Three and a half Centavos (Php0.035) per share payable to all common stockholders of record as of February 28, 2013.

On July 26, 2013, the BOD approved the declaration of cash dividend equivalent to Four Centavos (Php0.040) per share payable to all common stockholders of record as of September 28, 2013, and another cash dividend of Four Centavos (Php0.040) per share payable to all common stockholders of record as of February 28, 2014.

Preferred shares

The preferred shares are non-convertible, cumulative, non-participating and redeemable at the option of the Company. Holders of the preferred shares are only entitled to a fixed rate of dividend and do not participate in the distribution of profits based on the earnings of the issuer.

The dividend rate for the preferred shares shall be 8.5% per annum (Dividend Rate). Unless the Preferred Shares are redeemed by the Company on the Optional Redemption Date, the Dividend Rate shall be adjusted on the Optional Redemption Date to the higher of (a) the Dividend Rate or (b) the prevailing Philippine Dealing System Treasury Note fixing 10-year treasury securities benchmark rate, plus a spread of 300 basis points. As and when declared by the Board of Directors, cash dividends will be paid semi-annually in arrears on the last day of each six-month dividend period. Dividends will be calculated on the basis of 180/360 day basis.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are offered at their par value of Php1.00 per share (Offer Price). The shares shall be offered without a premium. No discounts shall also be given for the issuance of the shares considering that the Offer Price is equal to the shares' par value.

The Offer Price is the same price given to the 1,650,000,000 Preferred Shares issued mid-2013 through a private placement to several institutional investors.

DILUTION

The shares being offered are preferred shares which are non-convertible, cumulative, non-participating and redeemable at the option of the Company. The issuance of preferred shares will not result in the dilution of the common shareholders

It should be noted that holders of preferred shares have the option to exercise the warrants to buy common shares on the 5th year anniversary from issue date. The exercise of the warrants may result to a dilution of the shares of other shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of LRWC's recent financial results should be read in conjunction with the auditor's reports and LRWC's financial statements and notes thereto contained in this Prospectus and the section entitled "Summary Financial and Operating Information." LRWC's audited financial statements as of and for the years ended December 31, 2012, 2011 and 2010 were audited by KPMG MANABAT SANAGUSTIN & CO., and prepared in compliance with PFRS, and the unaudited financial statements for the six-month period ending June 30, 2013 and 2012

This discussion contains forward-looking statements and reflects the current views of LRWC with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Prospectus.

LRWC Operations

As mentioned, LRWC is functioning basically as a holding company with minimal operations. The Company is focusing its endeavor in supporting the productivity programs of its subsidiaries as follows: (1) AB Leisure Exponent, Inc. (ABLE – 100% owned); (2) LR Land Developers, Inc. (LRLDI – 100% owned); (3) AB Leisure Global, Inc. (ABLGI – 100% owned); (4) First Cagayan Leisure and Resort Corporation (FCLRC – 69.68% owned); (5) Bingo Bonanza (HK) Ltd. (BBL - 60% owned); and (6) Blue Chip Gaming and Leisure Corporation (BCGLC – 70% owned).

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 2012.

Starting in 2009, LRWC did not recognize any losses from BLRI, a 30% owned affiliate, as its investment balance has already been consumed.

Results of Operations as of December 31, 2012 vs. December 31, 2011

Note: The financial statements as of December 31, 2011 were restated to conform to the presentation of the financial statements as of December 2012.

ABLE Operations

ABLE posted total sales of ₱3,850.6 million for 2012, a ₱220.9 million or 6.1% growth from the ₱3,629.7 million total sales for 2011. Sales from Electronic Bingo operations contributed to the increase in sales partly offset by decreases in the sales of Traditional Bingo, Rapid Bingo, Pull Tabs and Instant Charity Bingo.

The traditional bingo remains the Company's principal product line with annual sales of ₱1,832.2 million or 47.6% contribution to total sales. Annual sales for 2012 decreased by ₱173.7 million or 8.7% from 2011 sales of ₱2,005.9 million. ABLE currently operates 65 bingo parlors; an increase of 9 bingo parlors from 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 and two (2) minority owned affiliates.

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 2012 of ₱1,630.0 million increased by ₱478.2 million or 41.5% from the ₱1,151.8 million sales in 2011. At the end of December 31, 2012, there were a total of 4,044 E-bingo machines in 62 bingo parlors compared with 2,985 E-bingo machines in 53 bingo parlors as of December 31, 2011. These bingo parlors are either directly owned by ABLE or owned through subsidiaries.

The sales of Rapid bingo for 2012 of ₱381.5 million decreased by ₱69.3 million or 15.4% from the ₱450.8 million sales in 2011. ABLE launched Rapid Bingo, late August 2005 with fourteen (14) terminals in fourteen (14) bingo parlors. By end of December 2012, there were a total of 84 Rapid Bingo terminals in 68 bingo parlors installed as compared to 81 terminals in 66 bingo parlors in 2011.

ABLE also introduced the Pull Tabs in December 2005 in 32 bingo parlors. The sales of Pull Tabs contributed ₱6.5 million or 0.2% to 2012 total sales as compared to 2011 sales of ₱12.8 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. At the beginning of the third quarter of 2012, sales of the ICBG2 scratch cards were discontinued, thus posting sales for 2012 of ₱0.4 million only as compared to ₱8.5 million for the same period last year. ICBG2 scratch cards will be replaced with new game variants in the future.

There was a decrease of ₱144.2 million or 6.0% in ABLE's consolidated operating expenses in 2012 amounting to ₱2,249.9 million as compared to ₱2,394.1 million in 2011. This is mainly attributable to the following: (1) Payout of ₱127.5 million or 8.6% principally due to the implementation of new gaming programs; (2) Employees Benefits of ₱20.9 million or 32.3% and (3) "Others Expenses" of ₱17.4 million or 18.9% generally due to management's continuous implementation of ABLE's cost reduction program. ABLE's management approved the recognition of the impairment loss on its receivables in 2012 amounting to ₱24.0 million as compared to ₱64.5 million in 2011, augmenting the decrease in operating expenses by ₱40.5 million or 62.5%. This is a conservative measure implemented by ABLE in its effort to present a reasonable results of operations. On the other hand, these decreases were partially offset by the following increases mainly due to the opening of several bingo parlors: (1) Rental of ₱25.3 million or 11.8%; (2) Salaries and Wages of ₱17.3 million or 13.0%; (3) Contracted Services of ₱4.9 million or 5.3%; (4) Depreciation of ₱14.9 million or 26.5% and (5) Taxes and Licenses of ₱3.9 million or 17.6%.

The resulting net expense in the "Other Income (Expense) account" in 2012 of ₱ 4.0 million grew by ₱1.6 million or 67.3% from ₱2.4 million in 2011 principally attributable to the income derived from sales of LRWC shares in 2011. However, this was partially offset by the following in 2012: (1) lower interest expense arising from substantial payments of loan principal and (2) interest income derived from ABLE's receivable from BLRI.

ABLE posted a consolidated net income (exclusive of minority interest) of ₱124.4 million in 2012, an increase of ₱72.7 million or 140.7% from the ₱51.7 million consolidated net income in 2011. The improvement in net income is mainly due to higher revenues generated from Electronic Bingo in 2012 coupled with lower operating expenses.

FCLRC Operations

For the year 2012, FCLRC posted total revenues (exclusive of CEZA fees) of ₱577.8 million. These were generated from hosting and service fees amounting to ₱499.0 million and from license application and renewal fees, amounting to ₱78.8 million. Total revenues in 2012 were higher than the revenues in 2011 at ₱355.8 million. CEZA fees in 2012 increased to ₱249.5 million versus ₱139.0 million in 2011, or an increase of ₱110.8 million or 79.5% than last year's fees. Moreover, net revenues increased by ₱111.6 million or 51.5% as compared to last year.

FCLRC generated gross revenues from foreign sales amounting to ₱577.8 million in 2012; ₱355.8 million in 2011 and ₱295.7 million in 2010 respectively. Revenues from foreign sales comprise 100% of total gross revenues for the years 2012, 2011 and 2010.

Cost and operating expenses increased by ₱21.7 million or 19.0% from last year's ₱114.1 million. The increase is mainly due to the Company's efforts to generate higher revenues thus necessitating the hiring of additional manpower and consultants, enhancing marketing strategies to attract new locators and generally providing a more efficient service to its locators operating in the Cagayan Special Economic Zone Free Port (CSEZFP). Thus the following expenses increased: (1) Salaries, wages and benefits by ₱4.0 million; (2) Depreciation and Amortization by ₱4.1 million due to the purchase of additional equipment as well as the accelerated depreciation of transportation equipment; (3) Professional Fees by ₱3.1 million; (4) Insurance by ₱1.2 million; (5) Repairs and Maintenance by ₱1.1 million; (6) Advertising & Promotions by ₱6.1 million; (7) Transportation and Travel by ₱8.1 million; (8) Representation by ₱4.0 million; (9) Taxes and Licenses by ₱0.1 million and (10) "Others Expenses" by ₱5.6 million.

These afore-mentioned increases in expenses were offset by the decrease in Communications Expense by ₱3.4 million primarily due to the Company's efforts to reduce cost by implementing its cost saving measures. There was no impairment loss on receivables recognized in 2012 while in 2011, FCLRC's management decided to recognize an impairment loss on its receivables amounting to ₱11.7 million as a conservative measure in its effort to present a reasonable results of operations.

The resulting net income in the "Other Income (Expense) - Net" account of ₱81.9 million in 2012, grew by ₱18.4 million or 28.9% as compared to ₱63.5 million in 2011. The growth is principally attributable to the increase in net income of FCCDCI coupled with the improvement in other income derived from rental of gaming facility and equipment to locators.

Thus, FCLRC posted a net income of ₱258.2 million in 2012, an increase of ₱101.7 million or 65.0% than last year's ₱156.5 million. The growth in net income is mainly attributable to the increase in gross revenues as well as the increase in the resulting income from the "Other Income (Expense) – Net" partially offset by the slight increase in cost and operating expenses.

Net income generated from foreign revenues amounted to ₱254.3 million or 98.5% of ₱258.2 million in 2012; ₱146.6 million or 93.7% of ₱156.5 million in 2011 and ₱109.1 million or 93.6% of ₱116.5 million in 2010 respectively.

FCCDCI, a 60% owned subsidiary of FCLRC, posted a net income of ₱60.0 million in 2012 and ₱40.4 million in 2011; a ₱19.6 million or 48.5% improvement due to higher generated revenues.

LRLDI Operations

LRLDI posted total rent income of ₱16.0 million in 2012 as compared to ₱15.0 million in 2011. The growth of ₱1.0 million is due to the rental income generated from the lease of dormitory facilities which started last September 2012. Total operating expenses of ₱0.8 million in 2012, decreased by ₱0.7 million as compared to ₱1.4 million in 2011. The decrease in expenses is mainly attributable to the cost saving measures implemented by LRLDI in keeping with its overall financial prudence policy. LRLDI recorded its 50% share in the pre-operating expenses of Techzone, an associate, in 2012. Hence, LRLDI posted a net income of ₱5.6 million in 2012, as compared to ₱4.5 million last year.

ABLGI Operations

ABLGI has not started its commercial operations as of December 31, 2012. Total comprehensive loss amounted to ₱3.4 million in 2012 as compared to ₱168.7 million in 2011. The significant decrease in pre-operating expenses is principally attributable to the amendment of the Operating Agreement with Belle Corporation in 2012 which effectively terminated the casino land and building leases. Accordingly, accrued rent in 2011 amounting to ₱55.1 million was reversed and presented as "Other Income" which substantially decreased the net loss in 2012.

BCGLC Operations

The Group acquired 70% of BCGLC's outstanding capital stock on April 27, 2011. BCGLC generated gross revenues from slot machines totaling ₱88.4 million and ₱65.0 million in 2012 and 2011, respectively. The growth in gross revenues by ₱23.6 million or 36.3% from last year is mainly attributable to the implementation of the 24-hour casino operations starting February 2012. Total operating expenses amounted to ₱10.0 million in 2012 and ₱11.9 million in 2011. The decline in operating expenses of ₱1.9 million or 16.1% is mainly due to the decrease in rent expense by ₱4.8 million as a result of the adjustment in the allocation of rent between direct cost and operating expenses; partially offset by the increase in the following expenses due to the extended operating hours: (1) Marketing and Advertising by ₱0.3 million, (2) Communications and Utilities by ₱0.2 million, (3) Representation and Entertainment by ₱0.3 million; (4) Contracted Services by ₱0.4 million and (5) Salaries and Wages by ₱0.1 million. For the year ended, December 31, 2012, BCGLC's management decided to provide for an allowance for the impairment loss on its receivables amounting to ₱1.4 million as a conservative measure in its effort to present a reasonable result of operations. Thus, BCGLC posted a net income of ₱4.9 million in 2012 as compared to a net loss of ₱2.0 million in 2011.

BBL Operations

BBL, a 60% owned subsidiary of LRWC, started its commercial operations last March 5, 2012. It generated gross revenues from its electronic bingo club operations amounting to ₱0.6 million in 2012. Total cost and operating expenses amounted to ₱32.5 million. Thus, it posted a net loss of ₱31.9 million as of the year ended December 31, 2012.

LRWC

LRWC posted a consolidated net income (exclusive of minority interest) of ₱280.1 million in 2012 as compared with the consolidated net loss of ₱36.4 million in 2011. The substantial improvement in net income is due to the increase in net income of ABLE, FCLRC, BCGLC and LRLDI coupled with the significant decrease in pre-operating expenses of ABLGI partially offset by the operating losses of BBL.

Consolidated Financial Condition

The changes in total assets of LRWC and subsidiaries are accounted as follows: (1) Increase in Prepaid expenses and other current assets of ₱25.5 million owing to ABLGI's prepaid rent, advances to contractors and suppliers; (2) Increase in Due from Related Parties of ₱20.7 million mainly due to FCLRC's short term advances to an affiliate for working capital and construction projects requirements; (3) Increase in Investments and Advances – Net of ₱1,026.2 million mainly attributable to LRWC's advances to Eco Leisure in relation to the purchase agreement as well as ABLGI's reclassification of its leasehold improvements and construction in progress accounts to advances and LRLDI's advances to CPVDC and CLPDC to finance the construction and development of CSEZFP International Airport in Cagayan and (4) Other Assets – Net of ₱74.2 million mainly due to FCLRC's new memorandum of agreement pertaining to the purchase of land rights. These increases in total assets was partly offset by the following: (1) Decrease in Cash and cash equivalents of ₱753.2 million owing to LRWC's advances to Eco-Leisure; (2) Decrease in Receivables - Net of ₱76.5 million principally due to FCLRC's substantial collection of its receivables partially offset by ABLE's advances for expansion projects that is projected to generate more revenues; (3) Decrease in Bingo cards of ₱1.7 million due to ABLE's decreased level of inventory owing to the decline in revenues of traditional bingo; (4) Decrease in Property and Equipment – Net of ₱82.3 million mainly due to ABLGI's reclassification of its leasehold improvements and construction in progress accounts to advances partially offset by ABLE's opening of new bingo parlors and FCLRC's construction of additional facilities for its staff and locators; (5) Decrease in Investment Property – Net of ₱7.2 million due to LRLDI's adjustments and (6) Decrease in Deferred Tax Assets of ₱4.1 million mainly due to ABLGI's reversal of accrued rent. Thus, the total assets of LRWC and subsidiaries as of December 31, 2012 of ₱3,924.0 million increased by ₱221.7 million or 6.0% from ₱3,702.4 million as of December 31, 2011.

The following are the changes in the total liabilities of LRWC: (1) Increase in Obligations under finance lease (inclusive of current portion) of ₱8.4 million attributable to ABLE's vehicle financing agreements; (2) Increase in Retirement Benefits Liability of ₱6.4 million principally owing to ABLE's accrual of retirement obligation and (3) Increase in Rent Deposit of ₱0.6 million because of LRLDI's new lease agreements pertaining to the dormitory. The afore-mentioned increases were partially offset by the following decreases in liabilities: (1) Long Term Loans Payable (inclusive of current portion) of ₱24.3 million principally due to FCLRC's and ABLE's substantial settlement of its obligations and (2) Income Tax Payable of ₱1.2 million due to FCLRC's higher tax payments made in the first three quarters of the year.

Cash as of December 31, 2012 of ₱191.1 million decreased by ₱753.2 million or 79.8% from ₱944.3 million for the same period last year. The decline is mainly attributable to cash used in investing activities arising from LRWC's advances to Eco Leisure, ABLGI's reclassification of its leasehold improvements and construction in progress accounts to advances, LRLDI's advances to CPVDC and CLPDC and FCLRC's new memorandum of agreement pertaining to the purchase of land rights partially offset by cash provided by operating activities as a result of the increase in net income of ABLE, FCLRC, BCGLC and LRLDI.

Results of Operations as of December 31, 2011 versus December 31, 2010

ABLE Operations

ABLE posted a total sales of Php3,629.7 million for 2011, a Php72.8 million or 2.0% growth from the Php3,556.9 million total sales for 2010. Sales from Electronic Bingo operations contributed to the increase in sales partly offset by decreases in the sales of Traditional Bingo, Rapid Bingo, Pull Tabs and Instant Charity Bingo.

The traditional bingo remains the Company's principal product line with annual sales of Php2,005.9 million or 55.3% contribution to total sales. Annual sales for 2011 decreased by Php189.1 million or 8.6% from 2010 sales of Php2,194.9 million. ABLE currently operates 56 bingo parlors; an increase of 11 bingo parlors from 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 and two (2) minority owned affiliates.

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 2011 of Php1,151.8 million increased by P292.2 million or 34.0% from the Php859.6 million sales in 2010. At the end of December 31, 2011, there were a total of 2,985 E-bingo machines in 53 bingo parlors compared with 2,162 E-bingo machines in 44 bingo parlors as of December 31, 2010. These bingo parlors are either directly owned by ABLE or owned through subsidiaries.

The sales of Rapid bingo for 2011 of Php450.8 million decreased by Php15.9 million or 3.4% from the Php466.7 million sales in 2010. ABLE launched Rapid Bingo, late August 2005 with fourteen (14) terminals in fourteen (14) bingo parlors. By end of December 2011, there were a total of 81 Rapid Bingo terminals in 66 bingo parlors installed as compared to 86 terminals in 66 bingo parlors in 2010.

ABLE also introduced the Pull Tabs in December 2005 in 32 bingo parlors. The sales of Pull Tabs contributed Php12.8 million or 0.4% to 2011 total sales as compared to 2010 sales of Php19.1 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 Php8.5 million or 0.2% to total sales of 2011 as compared to Php16.5 million last year.

There was a slight increase in ABLE's consolidated operating expenses for 2011, amounting to Php2,394.1 million or about 1.2% from Php2,335.1 million in 2010. This is mainly due to the acquisition of a new subsidiary as well as the opening of new bingo parlors and other reasons as stated: (1) Rent of Php16.1 million or 8.1%; (2) Contracted Services of Php10.0 million or 12.0%; (3) Employees Benefits of Php6.2 million or 10.6%; (4) Depreciation and Amortization of Php8.0 million or 16.7%; (5) Bingo cards and supplies of Php1.9 million or 7.9%; (6) Taxes and Licenses of Php1.8 million or 8.7%; and (7) "Others" Expenses of Php9.2 million or 11.1% due to the volume of programmed bingo games operations (Rapid Bingo and E-Bingo) in 2011 coupled with enhanced marketing activities for programmed bingo games. In 2011, ABLE's management decided to recognize an impairment loss on its receivables amounting to Php64.6 million as a conservative measure in its effort to present a reasonable results of operations.

The resulting net expense in the "Other Income (Expense) account" in 2011 of Php2.4 million decreased by Php17.7 million from Php20.1 million in 2010 mainly due to income derived from sales of LRWC shares coupled with lower interest expense payments arising from substantial payment of loan principal.

ABLE posted a consolidated net income (exclusive of minority interest) of Php51.7 million in 2011, after impairment loss on receivables of Php64.6 million, a decrease of Php86.2 million or 62.5% from the Php137.9 million consolidated net income in 2010.

FCLRC Operations

For the year 2011, FCLRC posted total revenues (exclusive of CEZA fees) of Php355.8 million. These were

generated from hosting and service fees amounting to Php278.0 million and from license application and renewal fees, amounting to Php77.7 million. Total revenues in 2011 were higher than the revenues in 2010 at Php295.7 million. CEZA fees in 2011 increased to Php139.0 million versus Php117.3 million in 2010, or an increase of Php21.8 million or 18.6% than last year's fees. Concisely, net revenues increased by Php38.3 million or 21.5% as compared to last year.

FCLRC generated gross revenues from foreign sales amounting to Php355.8 million in 2011; Php295.7 million in 2010 and Php301.9 million in 2009 respectively. Revenues from foreign sales comprise 100% of total gross revenues for the years 2011, 2010 and 2009.

Cost and operating expenses increased by Php14.4 million or 14.4% from last year's Php99.7 million. Increases in expenses were attributable to the following: (1) Depreciation and Amortization by Php6.0 million or 43.0% due to the accelerated depreciation of the airstrip improvements and (2) Rent by Php1.1 million or 7.5% owing to the change in expense recognition method. These afore-mentioned increases in expenses were offset by the following decreases: (1) Salaries, wages and benefits by Php2.9 million or 7.7%; (2) Transportation and Travel by Php0.4 million or 6.6%; (3) Representation by Php0.3 million or 15.2%; (4) Taxes and licenses by Php0.3 million or 43.4% and (5) "Others" Expenses by Php0.6 million or 44.7% primarily due to the Company's efforts to reduce cost by implementing its cost saving measures and exercising over-all financial prudence while still maintaining its top-notch and efficient service to its locators operating in the Cagayan Special Economic Zone Free Port (CSEZFP). In 2011, FCLRC's management decided to recognize an impairment loss on its receivables amounting to Php11.7 million as a conservative measure in its effort to present a reasonable results of operations.

The resulting net income in the "Other Income (Expense) - Net" account of Php63.5 million in 2011, grew by Php18.5 million or 41.1% as compared to Php45.0 million in 2010. The growth is principally attributable to the increase in other income derived from rental of gaming facility and equipment to locators.

Thus, FCLRC posted a net income of Php156.5 million in 2011, an increase of Php40.0 million or 34.3% than last year's Php116.5 million. The growth in net income is mainly attributable to the increase in the resulting income from the "Other Income (Expense) - Net" account in addition to the increase in revenues.

Net income generated from foreign revenues amounted to Php146.6 million or 93.7% of Php156.5 million in 2011; Php109.1 million or 93.6% of Php116.5 million in 2010 and Php95.0 million or 80.0% of Php118.6 million in 2009 respectively.

FCCDCI, a 60% owned subsidiary of FCLRC, posted a net income of Php40.4 million in 2011 and Php51.6 million in 2010; a Php11.2 million or 21.6% decrease due to the decrease in its revenues and recognition of foreign exchange loss in its books.

LRLDI Operations

LRLDI posted total rent income of Php15.0 million in 2011 as compared to Php3.9 million in 2010. The growth of Php11.1 million is due to a lease agreement entered by LRLDI last November 2010, thus providing for the substantial increase in rental income. Total operating expenses of Php1.4 million in 2011, increased by Php0.6 million as compared to Php0.8 million in 2010. The increase in expenses is mainly attributable to the hiring of an additional employee to provide an effective and well-organized service to its increasing number of lessees. Hence, LRLDI posted a net income of Php4.5 million in 2011, as compared to a net loss of Php1.7 million last year.

ABLGI Operations

ABLGI has not started its commercial operations as of December 31, 2011. Total comprehensive loss amounted to Php169.0 million in 2011 and Php0.5 million in 2010. The 2011 comprehensive loss pertains mainly to pre-operating expenses consisting of rent expense on the land leased from Belle Corporation, consultancy fees and other expenses intended for the casino project.

BCGLC Operations

The Group acquired 70% of BCGLC's outstanding capital stock on April 27, 2011. BCGLC generated gross

revenues from slot machines totaling Php64.7 million in 2011. Total operating expenses amounted to Php66.7 million. Thus, net loss of BCGLC in 2011 amounted to Php2.1 million.

BBL Operations

As of December 31, 2011, BBL, a 60% owned subsidiary of LRWC, has not started its commercial operations. BBL, however, incurred expenses amounting to Php14.8 million in 2011.

LRWC

The Group's core businesses realized, excluding minority interest, consolidated net income of Php205.7 million in 2011, as compared with consolidated net income of the same Group's core businesses of Php205.0 million in 2010.

However, LRWC posted instead a consolidated net loss (exclusive of minority interest) of Php36.4 million in 2011 due to net losses (pre-opening expenses) contributed to the Group by ABLGI (Php168.6 million) and BBL (Php8.9 million). Further, there was impairment recognized on ABLE's advances to Royal Highland Leisure and Resort Corporation (RHLRC) amounting to Php64.6 million in 2011.

RHLRC has existing contract with CJH Development Corporation (CJHDC) relating to a project situated at Camp John Hay, Baguio City. CJHDC is currently involved in a legal controversy with Bases Conversion Development Corporation. Consequently, the Group deemed it prudent to make partial impairment on the advances.

Consolidated Financial Condition

The changes in total assets of LRWC and subsidiaries are accounted as follows: (1) Increase in Cash and Cash Equivalents of Php842.7 million attributable to LRWC's proceeds from issuance of stocks; (2) Increase in Prepaid expenses and other current assets of Php206.3 million owing to ABLGI's prepaid rent, advances to contractors and suppliers; (3) Due from Related Parties of Php22.6 million mainly due to FCLRC's short term advances to an affiliate for working capital and construction projects requirements; (4) Increase in Property and Equipment - Net of Php 133.3 million mainly attributable to ABLGI's on-going construction, improvements and outfitting of the casino and ABLE's opening of several new bingo parlors; (5) Goodwill - Net of Php15.3 million attributable to LRWC's acquisition of BCGLC and ABLE's acquisition of Big Time Gaming; (6) Deferred Tax Assets of Php 64.5 million due to ABLGI's income tax benefit and (7) Other Assets - Net of Php110.1 million due to LRLDI's advances to CPVDC and CLPDC to finance the construction and development of CSEZFP International Airport in Cagayan. These increases in total assets was partly offset by the following: (1) Decrease in Receivables - Net of Php113.3 million due mainly to ABLE's substantial collection of its advances from RHLRC and BCGLC in addition to its recognition of impairment losses from its receivables and (2) Decrease in Investments and Advances - Net of Php18.1 million mainly due to BLRI's partial payment of its advances. Thus, the total assets of LRWC and subsidiaries as of December 31, 2011 of Php3,702.4 million increased by Php1,272.8 million or 52.4% from Php2,429.6 million as of December 31, 2010.

The following are the changes in the total liabilities of LRWC: (1) Increase in Trade and Other Payables of Php230.2 million is mainly due to FCLRC's liability to CEZA and ABLGI's liability to various suppliers and rent & tax accruals; (2) Increase in Short Term Loans Payable of Php15.5 million owing to ABLE's short term borrowings to finance its working capital requirements; (3) Increase in Income Tax Payable of Php3.2 million due to FCLRC's increase in net income; (4) Increase in Retirement Benefits Liability of Php4.8 million principally owing to ABLE's accrual of retirement obligation and (5) Increase in Rent Deposit of Php1.2 million because of LRLDI's renewal of lease agreement. The afore-mentioned increases were partially offset by the following decreases in liabilities principally due to ABLE's substantial settlement of its obligations and other reasons as stated: (1) Long Term Loans Payable (inclusive of current portion) of Php42.2 million also due to FCLRC's considerable payment of its obligation and (2) Decrease in Obligations under finance lease (inclusive of current portion) of Php5.2 million.

Cash as of December 31, 2011 of Php944.3 million grew by Php842.7 million or 829.7% from Php101.6 million for the same period last year. The improvement is mainly attributable to cash generated from financing activities arising from the proceeds from issuance of LRWC share of stocks.

Results of Operations as of June 30, 2013

LRWC's total operating expenses amounted to P10.5 million and P4.3 million during the second quarter of 2013 and 2012, respectively while posting a year-to-date operating expenses of P23.3 million as of June 30, 2013 as compared to P11.1 million for the same period last year. Accordingly, there were increases of P6.2 million during the second quarter of 2013 and P12.2 million as of June 30, 2013. Due to the rapid expansion of the Group's operations, management has determined the need to provide for effective tools for a more efficient and competent organization. LRWC's ongoing restructuring of its organization involves the reassignment of several personnel from its subsidiaries to LRWC. The Company's main goal is to establish a shared support group which will consistently provide administrative services for all its subsidiaries. Thus, the growth in LRWC's cost and operating expenses due to the reorganization will not only improve the overall business administration but also facilitate cost-cutting measures for its subsidiaries. The increase of 12.5M in the resulting expense in the "Other Income/(Charges)" account amounting to P10.0 million as compared to last year's resulting other income of the same account of P2.5 million is mainly due to the interest expense for the bank loan obtained to facilitate ABLGI's contribution to Belle Corporation.

Starting 2009, LRWC discontinued recording its 30% share in losses from Binondo Leisure Resources, Inc. (BLRI) as its investment balance has already been consumed.

The Company's wholly-owned subsidiary, Prime Investment Korea, Inc. (PIKI) and the Philippine Amusement and Gaming Corporation (PAGCOR) executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City. As of June 30, 2013, PIKI has not yet started its junket gaming operations.

Starting the second quarter of 2013, LRWC recorded its 51% share in the net losses of Hotel Enterprises of the Philippines, Inc. (HEPI) amounting to P3.0 million.

On July 5, 2012, ABLGI together with LRWC, PLAI and Belle Corporation (Belle) executed a Memorandum of Agreement amending their existing agreements and allowing the participation of a foreign partner in the casino to further enhance the value of the project. With the entry of a foreign partner, it was agreed that LRWC and ABLGI will assist Belle in funding its own capital requirements in exchange for a share in the economic benefits to be derived by Belle and PLAI in the casino operation.

On May 31, 2013, ABLGI allocated P4.0 billion to Belle which will in turn use for the Belle Grande Integrated Resort and Casino Project. The payment was made in pursuant to the Agreements disclosed last October 29, 2012 and November 13, 2012 wherein ABLGI will provide funding to Belle for the Casino Project equivalent to 30% of Belle's interest, or an estimated P4.0 billion which was financed through debt and internally generated funds. In exchange for ABLGI's contribution, ABLGI shall be entitled to 30% of the fixed yearly income generated from the lease of all commercial spaces in the project, inclusive of the hotel, retail and casino premises. Moreover, ABLGI shall be paid fees equivalent to 30% of the 50% share of PLAI on the earnings before income tax and depreciation (EBITDA) from casino operations or 30% of PLAI's 15% share of the Net Win, whichever is higher, after deducting PLAI's royalty which is based on Gross Win.

ABLE Operations YTD - June 30, 2013 vs. June 30, 2012

Revenues

ABLE's total year-to-date sales for the first six months of 2013 amounted to P2,018.4 million, an increase of P86.4 million or 4.5% from the P1,932.0 million total sales for the same period last year. The increase in sales was mainly due to the increase in sales generated from Electronic Bingo (E-Bingo) by P214.1 million or 28.2% partially offset by the decreases in the following: (1) Traditional Bingo by P84.5 million or 9.0%; (2) Rapid Bingo by P41.1 million or 18.0% and (3) Pull Tabs of P2.1 million or 52.7%.

The traditional bingo games is no longer the company's principal product-line with a June 2013 year-to-date sales of P854.2 million or 42.3% contribution to total sales.

The sales of E-bingo operations for the first six months of 2013 at P974.7 million or 48.3% contribution to sales continue to grow from the time it was first launched in mid of 2002 with twenty (20) machines. ABLE continues to install machines in its bingo parlors. By the end of June 30, 2013, there were a total of 4,902 E-bingo machines in 70 bingo parlors, as compared to 3,265 E-bingo machines in 54 bingo parlors as of June 30, 2012.

Rapid Bingo sales as of June 30, 2013 contributed P187.6 million or 9.3% to total sales. By end of June 2013, a total of 78 Rapid Bingo terminals in 70 bingo parlors were installed, as compared to 83 Rapid Bingo terminals in 68 bingo parlors during the second quarter of 2012.

As of the second quarter ending June 30, 2013, Pull Tabs contributed P1.9 million as compared to P 4.0 million for the same period last year.

Sales of ICBG2 scratch cards were discontinued at the beginning of the second quarter of 2012. It will be replaced with new game variants in the future.

Overall, the remarkable increase in sales of E-Bingo more than covered for the decrease in sales of the other bingo products.

Expenses

ABLE's total operating expenses for the six months ended June 30, 2013, amounted to P1,135.4 million, for a P13.6 million or 1.2% decline from P1,149.0 million for the same period in 2012. The decrease is mainly attributable to the following: (1) Payout by P47.0 million or 6.7% mainly due to the implementation of new gaming programs; (2) Employees Benefits by P3.4 million or 8.0% and (3) Cards & Supplies by P7.3 million or 42.6% due to the decrease in sales of Traditional Bingo due to management's continuous implementation of ABLE's cost reduction program. Nevertheless, there were increases in the operating expenses mainly attributable to the opening of several bingo parlors and as stated as follows: (1) Rentals by P16.2 million or 14.6%; (2) Salaries & Wages by P8.6 million or 12.5%; (3) Contracted Services by P7.3 million or 14.2%; (4) Communication and Utilities by P4.0 million or 5.1% and (5) "Others" Expenses by P8.7 million or 35.3% owing to enhanced marketing activities for programmed bingo games. Interest and other bank charges for the first half of the year amounted to P 4.3 million for a P1.2 million or 22.4% decrease from last year's P5.5 million due to substantial loan principal payments made during the first quarter of 2013.

Corporate Income Tax

Management has made provisions for income tax starting the second quarter of 2013 as discussed above in the quarterly analysis.

Net Income

As of June 30, 2013, ABLE posted a net income (net of minority share) of P51.7 million, an P18.0 million or 25.8% reduction from the P69.8 million net income for the same period last year. Despite the improvement in revenues coupled with a decrease in cost and operating expenses, ABLE's increased payments for franchise and regulatory fees accompanying the increase in revenues resulted in the decrease in the net income.

FCLRC Operations

YTD - June 30, 2013 vs. June 30, 2012

FCLRC's gross revenues for the first six months of 2013 was P376.4 million, an increase of P87.0 million or 30.1% from last year's figures of P289.4 million. The improvement of revenues is mainly due to the increase in the revenues of locators as well as the increase in the number of operating locators.

Net Income

FCLRC posted a net income of P 148.5 million as of the second quarter of 2013, a P28.1 million or 23.4% increase versus last year's P120.4 million.

Total costs and operating expenses of P 86.9 million increased by P 14.3 million or 19.7% from last year's figure of P 72.6 million. The increase is mainly due to the Company's efforts to provide a more efficient service to its locators operating in the CSEZFP and other reasons as stated: (1) Administrative Salaries and Benefits by P4.9 million or 25.2%; (2) Rental by P 1.8 million or 23.6% due to the straight line method accrual ; (3) Depreciation by P0.8 million or 9.4% attributable to the purchase o new office equipment and (4)"Others" Expenses by P10.2 million or 44.8% mainly due to enhanced marketing programs to attract more locators. These increases were partly offset by the decreases in the following: (1) Professional Fees by P 1.7 million or 17.7% and (2) Communication Expense by P1.8 million or 47.7% primarily due to the Company's cost saving measures and overall financial prudence. The resulting net income in the "Other Income/(Expense) account" of P34.8 million or an increase of P3.0 million or 9.3% from last year's resulting net income of P31.8 million was mainly due to the growth in the other income derived from the rental of gaming facility coupled with an increase in the equity in net earnings of First Cagayan Converge Data Center, Inc. (FCCDC) partially offset by the increase in interest expenses arising from FCLRC's payable to CEZA.

LRLDI Operations

YTD – June 30, 2013 vs. June 30, 2012

LRLDI's total revenues as of June 30, 2013 amounted to P9.1 million as compared to P4.6 million during the same period last year. The growth by P4.5 million or 97.7% is attributable to the rental income generated from the lease of dormitory facilities which started last September 2012. Total operating expenses amounted to P0.1 million and P0.6 million for the first six months of 2013 and 2012, respectively.

LRLDI posted a net income of P2.0 million as of the second quarter of 2013 and P0.04 million during the same period last year. The improvement in net income of P1.9 million or 98.2% is due to the increase in rental income coupled with a decrease in operating expenses.

ABLGI Operations

YTD – June 30, 2013 vs. June 30 2012

As of the first half of 2013, ABLGI has not yet started its commercial operations. Year to date comprehensive loss amounted to P13.7 million in 2013 as compared to P80.9 million in 2012. The significant decrease in pre-operating expenses is principally attributable to the amendment of the Operating Agreement with Belle Corporation in 2012 which effectively terminated the casino land and building leases to be paid by ABLGI. Moreover, during the second quarter of 2013, there was a recovery of rent paid to Belle Corporation in 2011 amounting to P38.5 million presented as "Other Income" which substantially decreased its net loss.

BCGLC Operations

YTD – June 30, 2013 vs. June 30 2012

BCGLC generated gross revenues from slot machines totaling P20.5 million as of the second quarter of 2013 and P24.9 million as of the same period last year. Total operating expenses amounted to P19.3 million and P18.1 million as of the second quarter of 2013 and 2012, respectively. The increase in operating expenses by P1.1 million or 6.4% is mainly due to the following: (1) Rental by P0.4 million or 10% due to increase in rental rates effective November 2012; (2) Contracted Services by P0.6 million or 35.0% due to the hiring of contractual employees under manpower agency to replace resigned regular employees; (3) Taxes & Licenses by P0.1 million or 59.2% due to higher municipal taxes paid and (4) "Others" Expenses by P0.5 million or 11.2% which pertains to the marketing expenses necessary to increase foot traffic in the establishment and improvement of privileges given to regular and VIP players. These increases were partially offset by Salaries and Wages by P0.4 million or 39.6% due to shift from hiring regular employees to contractual employees under manpower agency.

Therefore, BCGLC contributed net income of P1.1 million to the Group as of the second quarter of 2013 and P4.4 million for the same period last year. The decrease in net income is mainly attributable to the decrease in revenues coupled with the slight increase in operating expenses.

BBL Operations

YTD – June 30, 2013 vs. June 30, 2012

As of the second quarter of 2013, BBL generated gross revenues from its electronic bingo club operations amounting to P0.3 million and P0.3 million during the same period last year. Year-to-date operating expenses amounted to P14.5 million and P17.2 million as of the second quarter of 2013 and 2012, respectively. The decrease in operating expenses is mainly due to the Company's cost saving measures. Thus, it posted a net loss of P14.1 million as of June 30, 2013 and P16.9 million as of June 30, 2012.

LRWC Consolidated Net Income

LRWC posted a consolidated net income (net of minority share) of P102.5 million, a P45.3 million or 79.3% improvement from the P57.1 million consolidated net income for the same period last year. This is mainly due to the increase in net income of FCLRC coupled with the substantial decrease in the pre-operating expenses of ABLGI partially offset by the decrease in net income of ABLE.

Financial Condition – June 30, 2013 vs. December 31, 2012

On a consolidated basis, the Balance Sheet of Leisure & Resorts World Corporation (LRWC) and its subsidiaries, ABLE, FCLRC, LRLDI, BCGLC, ABLGI and BBL, continue to improve. Total assets as of June 30, 2013 amounted to P8,360.4 million increased by P4,436.3 million or 113.1% from P3,924.0 million as of December 31, 2012. Increases in assets are attributable to the following: (1) Cash by P74.9 million mainly attributable to ABLGI's recovery of 2011 rental payments from Belle Corporation; (2) Receivables - Net by P20.3 million mainly due to FCLRC's receivables from locators and LRLDI's receivables from lessees; (3) Bingo cards and supplies by P5.6 million mainly due to ABLE's increase in level of inventory to support their new gaming dynamics; (4) Due from Related Parties by P52.0 million due to several on-going projects which will benefit the Group in the future; (5) Investment and Advances by P4,243.2 million principally due to ABLGI's contribution to Belle pursuant to their Agreements and (6) Other Non Current Assets by P34.6 million due to ABLE's deposits to venue, PAGCOR bonds and others as a result of the opening of several bingo parlors.

Total Liabilities increased due to the following: (1) Short Term Loans Payable by P1,101.6 million due to bank loans availed by LRWC to facilitate ABLGI's contribution to Belle (subsequently paid in July) as well as ABLE and FCLRC's bank loans to facilitate their short term capital requirements; (2) Trade and Other Payables by P183.9 million due to FCLRC's liability to CEZA and ABLE's liability to various suppliers partially offset by ABLGI's substantial payment to its suppliers; (3) Income Tax Payable by P22.3 million mainly due to ABLE's provision for tax income tax; (4) Long Term Loans Payable (net of current and long term) of P2,969.9 million mainly attributable to ABLGI's bank loan used for contribution to Belle and (5) Retirement Liability by P4.8 million attributable to ABLE's accrual of retirement obligation. These increases were partially offset by the decrease in Finance Lease Payable by P1.3 million owing to ABLE's partial loan principal payments.

Cash Flows – Six Months Ended June 30, 2013 vs. June 30, 2012

Cash balance as of June 30, 2013 of P289.4 million decreased by P 673.6 million or 69.9% from P963.0 million for the same period last year; the decline is primarily due to cash used in investing activities arising from ABLGI's contribution to Belle coupled with the lower beginning balance of cash for this year as compared to last year.

DESCRIPTION OF THE BUSINESS

Overview

Leisure and Resorts World Corporation is a holding company listed on the Philippine Stock Exchange. It 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. The Company's primary interests are professional bingo gaming, licensing and regulation of online gaming enterprises, and hotels operations with gaming licenses.

As a holding company, LRWC controls or has investments in a number of subsidiaries, either wholly-owned or under its majority control. The subsidiaries are focused in gaming, entertainment, hotel services and tourism related industries. The subsidiaries provide our customers with multiple gaming platforms in numerous locations all over the Philippines.

Company / Ownership / Industry:	Location Business
AB LEISURE EXPONENTS INC. (“ABLE”) Ownership: 100% Industry: GAMING and ENTERTAINMENT	Location: Metro Manila and major cities all over the Philippines. Please refer to Annex __ for a complete list of all locations. Business: Professionally managed bingo parlors and venues.
FIRST CAGAYAN LEISURE and RESORTS CORPORATION (“FIRST CAGAYAN” or “FCLRC”) Ownership: 69.68% Industry: GAMING, ENTERTAINMENT and TOURISM	Location: Sta. Ana, Province of Cagayan Business: Licensed to regulate and monitor on behalf of the Cagayan Economic Zone Authority on licensing and operation of interactive games.
AB LEISURE GLOBAL INC. (“AB GLOBAL” or ABLGI) Ownership: 100% Industry: GAMING, ENTERTAINMENT and TOURISM	Location: City of Dreams Manila, Entertainment City, Pasay, Metro Manila Business: Integrated casino and resort complex in Pagcor’s Entertainment City. Partnered with Belle, Inc. and Premium Leisure and Amusement, Inc. for a 30% economic share in the business. Melco Crown Philippines is leasing the building and operating the casino.
HOTEL ENTERPRISE PHILIPPINES, INC. (“HEPI”) Ownership: 51% Industry: GAMING, ENTERTAINMENT and TOURISM	Location: Roxas Blvd, Pasay City Business: Managing a hotel, Midas Hotel and Casino. Leasing space to Pagcor for casino operations.
BINONDO LEISURE and RESORT, INC. (“BLRI”) Ownership: 20% Industry: GAMING, ENTERTAINMENT and TOURISM	Location: Ongpin, Binondo, Manila Business: Managing the Binondo Hotel Suites. 76 room boutique hotel. Leasing space on 1 st and 2 nd floor to Pagcor for slot arcade.
LR LAND , INC. (“LR LAND”) Ownership: 100% Industry: LAND ACQUISITON, CONSTRUCTION and LEASE of CYBERPARK FACILITIES	Location: San Vicente, Province of Cagayan Business: Site evaluation, land acquisition, construction of CyberPark buildings and lease of these buildings to various locators.

TECHZONE PHILIPPINES, INC. (“TECHZONE”) Ownership: 50% Industry: CONSTRUCTION of BPO BUILDING and LEASE of UNITS	Location: Buendia Ave, Makati, Metro Manila Business: Construction of a world-class BPO building as well as the management and lease of office space to various locators.
BLUE CHIP GAMING and LEISURE INC. (“BLUE CHIP”) Ownership: 70% Industry: SLOT ARCADE MANAGER	Location: Bacolor, Pampanga Business: Management and marketing of a slot machine arcade under the regulatory supervision of Pagcor.
FIRST CAGAYAN CONVERGE AND DATA CENTER INC. (“FCCDCI”) Ownership: 41.8% Industry: PROVIDE TECHNICAL SUPPORT SERVICES to LOCATORS of FIRST CAGAYAN	Location: RCBC Plaza, Makati, Metro Manila Business: Provide technical support services, such as bandwidth, co-location, and other services for the online requirements of the locators and licensees of First Cagayan.
BINGO BONANZA HONGKONG, LTD (“BB HK”) Ownership: xx% Industry: MANAGEMENT of BINGO HALL in Hong Kong	Location: Hong Kong Business: Joint venture partnership to run a bingo site in Hong Kong.

ABLE

ABLE (popularly known as Bingo Bonanza Corporation), is the pioneer in professionally managing bingo games in the Philippines. ABLE is a wholly-owned subsidiary of LRWC. Philippine Amusement and Gaming Corporation (PAGCOR) granted ABLE and its subsidiaries/affiliates the authority to operate bingo games pursuant to P.D. 1869. Since then, ABLE’s bingo outlets provide amusement and recreation to the public in such forms as, but not limited to, traditional, electronic, instant games and Rapid Bingo games.

ABLE has twenty-five (25) wholly-owned subsidiaries. The Group operates 68 bingo sites nationwide. Some of these outlets offer traditional bingo, while most sites additionally offer electronic bingo as well as rapid bingo. These outlets have become community and entertainment centres, as well as a sponsor for fund-raising activities relating to social and educational programs.

Future plans call for setting up new Bingo Boutiques that primarily offer electronic bingo and rapid bingo, but traditional bingo halls will still be offered in selected locations.

First Cagayan Leisure & Resort Corporation (“FCLRC” or “First Cagayan”)

The Cagayan Economic Zone Authority (or “CEZA”) is mandated by law to manage the Cagayan Special Economic Zone and Free Port (“CSEZFP” or “Cagayan Free Port”). CEZA has authorized FCLRC to license, regulate and supervise the operations of registered online gaming enterprise in the Cagayan Free Port. First Cagayan regulates and monitors, on behalf of CEZA, all activities pertaining to licensing and regulating the operation of interactive games. Two types of licenses are issued: (1) interactive gaming licenses which cover all types of online gaming including casinos, lotteries, bingo, sports books; and (2) restrictive licenses which limit the offerings to sports betting only.

First Cagayan is the only Master Licensor for e-gaming in Asia. First Cagayan provides state of the art communication facilities in the Cagayan Freeport zone for its licensees. In 2011, the number of locators grew to 60 from 45 in 2010. By December 2012, First Cagayan had sixty-eight (68) licensees. As the master licensor, First Cagayan derives revenue from the license fees of each locator and receives half of the hosting fees imposed on the

gaming operators in the Cagayan Free Port. LRWC owns 69.68% of the issued and outstanding capital stock of FCLRC.

The number of locators is expected to continue growing in the near future, especially with the completion of TechZone building project stated below.

ABLGI

On January 14, 2011, ABLGI was engaged by Belle Corporation, through its subsidiary, Premium Leisure and Amusement, Inc. (PLAI), to be the operator and manager of its casino. PLAI was granted a provisional license by PAGCOR in 2009. PLAI is a member of a consortium composed of SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Development Corporation, SM Commercial Properties, Inc. As part of the PAGCOR license, PLAI will establish and operate a casino to be located within the Manila Bay Reclamation Area. The integrated casino resort complex is named Belle Grande Casino Resort (or “Belle Grande”).

On July 5, 2012, AB Global, together with LRWC, PLAI and Belle Corporation executed a Memorandum of Agreement amending their existing agreements and allowing the participation of a foreign partner in the casino to further enhance the value of the project. With the entry of a foreign partner, it was agreed that LRWC and ABLGI would assist Belle in funding its own capital requirements in exchange for a share in the economic benefits to be derived by Belle and PLAI in Belle Grande. The definite terms of the amount of investment and other terms and conditions are still being discussed by the parties and will be embodied in the final and definitive agreement.

On October 25, 2012, Belle and PLAI entered into a Cooperation Agreement with Melco Crown Entertainment Limited (MCE) wherein Belle will be a co-licensee and owner of the site’s land and buildings while MCE will be a co-licensee and operator of all facilities within the integrated resort complex. MCE is a developer and owner of integrated resort facilities focused on the Macau market. Its operating complex known as the City of Dreams is a highly successful project that houses a gaming facility, 3 hotels and an upscale retail operation, along with a mix of bars and restaurants. MCE is building its second integrated resort in Macau called Studio City.

Belle Grande is expected to have 800 rooms, with 315 tables and 1,320 slot machines. As of to date, Belle Grande has not yet started commercial operations.

First Cagayan Converge Data Center, Inc. (“FCCDCI”)

FCLRC and IP Converge Data Center Corporation (IPCDCC), 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 FCCDCI. 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 area network services and other value added services. Presently, FCCDCI provides a range of services to Internet Gaming Operators at the Cagayan ecozone for a fee.

LR Land Developers, Inc. (“LRLDI or “LR Land”)

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 real estates of all kinds and build on any land owned, held or occupied for management or disposition buildings, houses, or other structures. On March 3, 2008, SEC approved the amendment to the Articles of Incorporation changing its name to LR Land Developers, Inc. (“LR Land”)

In 2010, LR Land has completed the construction of the CyberPark Building in the Cagayan Freeport zone. In the same year, LR Land entered into various lease agreements as a lessor, with lease terms ranging from monthly to five (5) years. The CyberPark building will continue to be leased out to casino junket operators.

LR Land is also committed to supporting the development of the Cagayan Free Port. In executing an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), LR Land has established its support by investing funds into the La-Lo Airport Project, the Cagayan Economic Zone and Freeport (CEZFP) International Airport Project and other facilities within the CSEZFP. These projects aim to improve and further advance CSEZFP into a self-sustaining industrial zone.

Binondo Leisure Resources, Inc. (“BLRI” or “Binondo Leisure”)

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.

Starting 2009, LRWC discontinued recording its 30% share in losses from BLRI as its investment balance has already been consumed.

Blue Chip Gaming and Leisure Corporation (“BCGLC” or “Blue Chip”)

On October 9, 2009, BCGLC was incorporated and registered with the SEC. Its primary purpose is to provide investment advice, management and to act as an agent or representative for business enterprises engaged in gaming, recreation and leisure activities. Blue Chip is the authorized representative of Munich Management Limited – a foreign corporation duly organized and registered in British Virgin Islands. On October 20, 2009, Blue Chip, as the authorized representative, entered into a contract of lease with PAGCOR (PAGCOR acting as the lessee) for the use of slot machines and gaming facilities. On April 27, 2011, LRWC purchased 70% of Blue Chip’s outstanding capital stock.

BCGLC operates a Slot Arcade at the King’s Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacat, Bacolor. Blue Chips operates under a license issued by PAGCOR.

Bingo Bonanza (HK) Limited (BBL or “Bingo Bonanza HK”)

On March 15, 2010, LRWC incorporated BBL, as a 60%-owned subsidiary. Its primary purpose is to engage in the business of gaming, recreation, leisure and leasing property. BBL was incorporated under the Companies Ordinance of Hong Kong. It started commercial operations last March 5, 2012.

HEPI

On November 11, 2012, LRWC executed an Investment Agreement with Eco Leisure and Hospitality Holding Company, Inc. (Eco Leisure) and Hotel Enterprises of the Philippines, Inc. (HEPI) for the acquisition of fifty-one percent (51%) of the outstanding capital stock of HEPI, which owns and operates the 227 room Midas Hotel and Casino located on Roxas Boulevard. LRWC’s total investment amounted to Seven Hundred Fifty Million Pesos (P750,000,000.00).

HEPI leases three (3) floors to PAGCOR for casino operations. The lease is for a period of 10 years starting December 2011. HEPI has a 35% share of net monthly gaming revenues from the casino. The gaming area includes 310 slot machines and 59 gaming tables.

PIKI

The Company’s wholly-owned subsidiary, Prime Investment Korea, Inc. (PIKI) and the Philippine Amusement and Gaming Corporation (PAGCOR) executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR’s Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City. The Junket Agreement is effective for a period of three (3) years and renewable at the option of PAGCOR.

Concurrent with the execution of the Junket Agreement with the PAGCOR, PIKI executed a Sub-Agency Junket Agreement with Gurutech Asia, Inc. (Sub-Agent) wherein PIKI and the Sub-Agent will jointly conduct junket gaming operations in accordance with and under similar terms and conditions as the PAGCOR Junket Agreement.

TechZone Project

LRWC, through its subsidiary LR Land, is in a joint venture property development project in Makati City with Techzone Philippines, Inc. As envisioned, the building planned will be a world-class BPO center with offices that the licensees of First Cagayan can lease from the company.

Business Models

The following discussion provides the revenue streams of each of the subsidiaries of LRWC:

	ABLE	FCLRC	Belle Grande (now City of Dreams)	Techzone	Midas Hotel
Revenue Streams	Net wins and card sales	Annual licensing fees, hosting fees and rental	Share in casino earnings and rental fee	Sales and rental fees	Gaming commission and hotel earnings
Growth Drivers	Number of Bingo sites, Ebingo machines and Rapid Bingo Terminals	Number of CEZA locators	Casino traffic and hotel occupancy	Number of locators and occupancy	Casino traffic and hotel occupancy
Key Statistics	68 Bingo Sites 3,916 Ebingo machines 82 Rapid Bingo terminals	69 locators 45,000 sqms.	800 rooms 315 tables 1,320 slot machines 268,000 sqms	35 floors 42,000 sqms	227 rooms 59 tables 309 slot machines

Competition

In estimating the extent of competition between the industries covered by LRWC's subsidiaries, a description on the size of the market, existing competitors and an explanation on the strengths of the corporation and its ability to compete are summarized below:

Company	Size of Market	Competitive Strengths of the Company / Ability to Effectively Compete
	Competitors:	
AB LEISURE EXPONENTS INC ("ABLE")	<p>The gross revenues of ABLE and its subsidiaries for 2012 was Php 3,850,612,917. This represented a 6.1% increase from 2011 revenues of Php 3,629,699,859. As per informed research, our revenues are about 48% of the total bingo market in the Philippines that places the bingo market size at approximately P7.56 billion pesos.</p> <p>Competitors. There are over 205 bingo hall operators all over the Philippines. The market is very fragmented with a number of operators having one or two</p>	<p>Among ABLE's strengths are its leaseholds contracts with most shopping mall developers and its first move advantage in being a partner of choice for bingo operations for any new mall development.</p> <p>ABLE's size and position as a market leader is a strength since suppliers always look for partners with market dominance and experienced management.</p>

	bingo outlets. Presently, ABLE is the dominant operator.	We will continue to introduce new games and newer platforms for our clients.
FIRST CAGAYAN	<p>Gross revenues of FIRST CAGAYAN for 2012 was Php 577,833,470. This represents an increase of 62.4 % over 2011 revenues of Php 355,773,177. For 2012, the hosting and service fees component amounted to 499,001,700 or 86.4% of the total gross revenues.</p> <p>Competitors. The competitors of First Cagayan in Asia are other countries that provide a gaming jurisdiction for online gaming. To date, Vietnam and Cambodia also license online gaming. There are no published figures to estimate the size of this market for Asia.</p>	One of the strengths of First Cagayan is its unique business model and the advantage of Philippines being a location of choice for our licensees. Other advantages are, among others, the telecommunications infrastructure, pool of English speaking work force, proximity to the Asian gaming market, sensible regulations.
AB LEISURE GLOBAL INC. (“AB GLOBAL”)	<p>AB Global’s participation, as stated, consists of a 30% economic interest in the revenues that Belle, Inc. will receive from their 50% share in the EBITDA casino earnings of City of Dreams Manila. City of Dreams Manila will be operated by Melco Crown Philippines, Inc. There are no revenues yet from operations to date as the casino will open in the 3rd quarter of 2014.</p> <p>Competitors: Philippine Amusement Gaming Corporation (or PAGCOR) operates 14 casino venues. The other companies that will also operate an integrated casino resort are: Resorts World Manila (RWM) and Solaire Casino and Hotel.</p>	One of the strengths of AB Global is its agreement with Belle, Inc. covering a financial interest in the City of Dreams Manila integrated casino resort. No other company has this concession.
HOTEL ENTERPRISE PHILIPPINES, INC. (“HEPI”)	<p>Competitors are other four and five-star hotel locations in Metro Manila. Annex YY contains a list of these hotels.</p>	<p>The strength of HEPI is the Midas Hotel brand. It also has a lease contract with Pagcor for the use of the hotel space for a casino run by Pagcor.</p> <p>Midas’ strength is its flexibility to offering services and amenities absent in other hotels.</p>
BINONDO LEISURE and RESORT, INC. (“BLRI”)	<p>BLRI’s revenues for 2012 was Php 33,724,305. This was up 3.15% from 2011 revenues of Php 32,695,419.</p> <p>Competitors are other small business hotels in downtown Chinatown, as well as in Manila. Annex ZZ contains a list of these hotels.</p>	<p>The strength of Binondo Leisure is its location in downtown Chinatown. It also has a lease contract with Pagcor for the use of space for a casino run by Pagcor.</p> <p>Binondo Leisure can effectively compete by offering services and</p>

		amenities at competitive prices for those doing business in Chinatown.
LR LAND , INC. (“LR LAND”)	<p>LR Land’s revenues for 2012 was in the form of rental income amounting to Php 16,016,047. This showed an increase of Php1,033,027 from 2011 revenues of Php 14,985,020.</p> <p>The revenues are derived from rental paid by the First Cagayan licensees requiring office space in Sta. Ana, Cagayan.</p>	<p>The strength of LR Land is its ability to match the needs of our licensees under First Cagayan in terms of land acquisition as well as the construction of the business parks in the Cagayan Free Port ecozone.</p> <p>No other company will be able to effectively compete with this capability.</p>
TECHZONE PHILIPPINES, INC. (“TECHZONE”)	<p>Techzone had no revenues for 2012 as it is in the process of constructing the Techzone building. Revenues are expected to begin the 4th Quarter of 2014.</p>	<p>The strength of TechZone is its ability to match the needs of our licensees under First Cagayan to the specifications of the construction of the TechZone building. The units being built have already committed to the space requirements of our First Cagayan licensees.</p> <p>No other company will be able to effectively compete with this capability.</p>
BLUE CHIP GAMING and LEISURE CORPORATION (“BLUE CHIP”)	<p>Revenues of Blue Chip in 2012 amounted to Php 88,400,977 which was up by 36.4% from the 2011 figures of Php 64,792,719. Blue Chip operates a slot arcade in Bacolor, Pampanga. Its competitors are other Pagcor operated entities in the region.</p>	<p>The strength of Blue Chip is the ability provide a slot machine arcade in the heart of Bacolor, Pampanga. Its location offers access to a rich demographic that is affluent and has financial resources to succeed.</p>
FIRST CAGAYAN CONVERGE (“FCCDCI”)	<p>Revenues of FCCDCI in 2012 was US\$ 7,434,763 which is 34.5% higher than the revenues of US\$ 5,527,323 in 2011.</p> <p>Competitors are other IT-grade data centers that provide bandwidth and co-location services.</p>	<p>One of the strengths of First Cagayan is its unique business model and the advantages of the Philippines as a location of choice for our licensees. These advantages are, among others, the telecommunications infrastructure, pool of English speaking work force, proximity to the Asian gaming market, sensible regulation.</p> <p>These factors limit the ability of other jurisdictions to offer what First Cagayan has.</p>
BINGO BONANZA HONGKONG (“BB HK”)	<p>Revenues of BB HK in 2012 was Php 564,354 as it had just commenced operations in 4rhQ 2012. The company is currently reviewing this business model to make it more attractive to its target market, the overseas contract workers.</p>	<p>The company is reviewing its business model to make it more attractive to its target market.</p>

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BOARD of DIRECTORS, EXECUTIVE OFFICERS CERTAIN SHAREHOLDERS and EMPLOYEES

Board of Directors

Under LRWC's Articles of Incorporation, the Board is composed of 11 Directors, two (2) of which are independent. The Board is responsible for the overall management and direction of LRWC. The Board meets regularly every month and as often as necessary, to be provided with updates on the business of LRWC and consulted on LRWC's material decisions.

No person can be elected as a director of LRWC unless he/she is a registered owner of at least one (1) voting share of the capital in LRWC. Each director has a term of one (1) year and is elected annually at LRWC's stockholders meeting which is held every last Friday of April unless rescheduled. A director who was elected or appointed to fill a vacancy holds the office only for the unexpired term of the predecessor.

As of the date of this Prospectus, the following individuals are members of LRWC's Board of Directors and Senior Management:

Name	Officers
Reynaldo P. Bantug	Chairman and President
Jose Francisco B. Benitez.	Vice President
Bienvenido M. Santiago	Vice President
Carmelita d.L. Chan	Treasurer
Raul G. Gerodias	Corporate Secretary, Compliance Officer and Corporate Information Officer

Name	Directors	Directorships (in other companies)
Reynaldo P. Bantug	Chairman and President Director, April 19, 2002 to present	AB Leisure Exponent, Inc. First Cagayan Leisure and Resort Corp. LR Land Developers, Inc. AB Leisure Global, Inc. BAPA Realty Development Corp. BAPA Holdings & Management <i>(All-Director)</i>
Jose Conrado Benitez	Director, December 8, 1999 to present	Benitez Investments, Inc. The Philippine Women's University <i>(All-Director)</i>
Jose Francisco B. Benitez	Director, 2012 to present	Unlad Resources Development Corporation (URCD) The Philippine Women's University (PWU) First Cagayan Leisure and Resort Corporation (FCLRC) LR Land Developers, Inc. (LRDI) <i>(All-Director)</i>

Edgardo S. Lopez	Director, August 18, 2006 to present	LS Finance & Management Corp. Heerco Philippines, Inc. Kings Cross Development Corp. (All-Director)
Ignatius F. Yenko	Director, 2012 to present	TKC Steel Corporation Sterling Bank of Asia
Willy N. Ocier	Director, July 31, 2009 to present	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 (All-Director)
Eusebio H. Tanco	Director; July 29, 2011 to present	Asian Terminals, Inc. PhilPlans First, Inc. Philhealthcare, Inc. STI, Inc. Philippines First Insurance Co., Inc. Global Resource for Outsourced Workers, Inc. Mactan Electric Company United Coconut Chemicals, Inc. J & P Coats Manila Bay (All-Director)
Bienvenido M. Santiago	Director; November 28, 2003 to present	AB Leisure Exponent, Inc. AB Leisure Global, Inc. The Print Gallery, Inc. Image Dimension, Inc. Corporate Image Dimensions, Inc. Market Light Realty & Construction, Inc. St. James Holding Corporation LR Land Developers, Inc. (All-Director)

Wilson L. Sy	Director; July 29, 2011 to present	Philequity Management, Inc. Asian Alliance Holdings Corporation Xcell Property Ventures, Inc. Monte Oro Resources & Energy, Inc. Monte Oro Grid Resources Corporation Vantage Equities, Inc. Yehey! Corporation Manila Stock Exchange Foundation Inc. (All-Director) Pacific Online Systems Corporation Tagaytay Highlands Country Club, Inc. Tagaytay Highlands Int’l Golf Club, Inc. Tagaytay Midlands Golf Club, Inc. Tagaytay Highlands Spa & Lodge (All-Independent Director)
Anthony L. Almeda	Independent Director, June 30, 2004 to present	Landision Corp. Alameda 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)

Clarita T. Zarraga	Independent Director, July 30, 2010 to present	Abacus Consolidated Resources and Holdings, Inc. Lucky Circle Corporation Philippine Regional Investment Development Corporation Blue Stock Development Farms, Inc. Pride Star Development Bank Batangan Plaza, Inc. Montemayor Aggregates and Mining Corporation Alpha Asia Hotels and Resorts, Inc. Saturnina Estate & Dev't Complex Corp. Defending Family Values Foundation, Inc. Batangas Social Dev't Foundation, Inc. <i>(All-Director)</i> Digi Software Phils, Inc. <i>(Independent Director)</i>
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Significant Employees

Although LRWC has relied on and will continue to rely on, the individual and collective contributions of each of its executive officers, senior operational personnel and non-executive employees, LRWC believes that it does not depend on the services of a particular employee and that there is no employee that the resignation or loss of whom would have a material adverse impact on its business.

Family Relationships

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

Involvement in Certain Legal Proceedings

Ms. Carmelita d. L. Chan, Treasurer of the Company, is one of the defendants in a case pending before the First Division of the Sandiganbayan. The case arose from the alleged overpricing of the construction of the Diosdado Macapagal Boulevard at the Manila Bay Reclamation Area for which officers of the Philippine Estates Authority (now the Philippine Reclamation Authority) were charged. Ms. Chan was among those indicted in her capacity as former member of the Board of Directors of PEA.

As of February 28, 2013, to the best of the Company's knowledge, other than as disclosed above, there are no other occurrences of any of the following events that are material to an evaluation of the ability or integrity of any director or executive officer of the Company:

- (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.

No Director, executive officer, or senior officer of LRWC during the past five (5) years that has been subject to:

- (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, including the nature of the offense, in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) 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.
- (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.

Executive Compensation

The following table sets forth the aggregate compensation received by its key management 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 Chief Executive Officer and four other most highly compensated executive officers.

<i>Name and Principal Position</i>	<i>Year</i>	<i>Compensation</i>	<i>Bonuses</i>	<i>Other Annual Compensation</i>
	2013	<i>Estimated</i>	<i>Estimated</i>	<i>Estimated</i>
<i>Reynaldo P. Bantug, President and CEO</i>				
<i>Jose Francisco B. Benitez, Vice-President</i>				
<i>Alejandro P. Alonte, Vice-President</i>				
<i>Carmelita D. Chan, Treasurer</i>				
<i>Esther O. Cruz, Asst. Treasurer</i>				
<i>All above-named Officers as a group</i>	2013	<i>₱ 6,500,000</i>	<i>₱ 600,000</i>	<i>₱ 240,000</i>
<i>All other officers as a group unnamed</i>	2013	<i>None</i>	<i>None</i>	<i>None</i>

<i>Reynaldo P. Bantug, President and CEO</i>				
<i>Jose Francisco B. Benitez, Vice-President</i>				
<i>Alejandro P. Alonte, Vice-President</i>				
<i>Carmelita D. Chan, Treasurer</i>				
<i>Geoffrey L. Uymatiao, (Treasurer up to 8/14/2012)</i>				
<i>Esther O. Cruz, Asst. Treasurer</i>				
<i>All above-named Officers as a group</i>	2012	<i>₱ 5,723,000</i>	<i>₱ 600,000</i>	<i>₱ 210,000</i>
<i>All other officers as a group unnamed</i>	2012	<i>None</i>	<i>None</i>	<i>None</i>

<i>Reynaldo P. Bantug, President and CEO</i>				
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<i>Renato G. Nuñez, Vice-President</i>				
<i>Alejandro P. Alonte, Vice-President</i>				
<i>Geoffrey L. Uymatiao, Treasurer</i>				
<i>Bienvenido M. Santiago, (Corporate Secretary up to 8/18/2011)</i>				
<i>All above-named Officers as a group</i>	2011	<i>₱ 6,143,191</i>	<i>₱ 800,000</i>	<i>₱ 600,000</i>
<i>All other officers as a group unnamed</i>	2011	<i>None</i>	<i>None</i>	<i>None</i>

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

Compensation of Directors

Members of the Board of Directors are elected for a term of one year. Except for the Company's President and Vice-President, all other directors receive no compensation except director's per diem of ₱ 10,000.00 per meeting and per diem of P5,000.00 in audit, compensation and nominating committees. In 2012 and 2011, a cash bonus of P 300,000 and P 200,000 was given to each director respectively.

Total payments to non-salaried directors amounted to P 3,400,000.00 in 2012 and P 3,150,000.00 in 2011.

Employment Contracts, Termination of Employment, Change-in-Control Arrangements

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

There are no arrangements for compensation to be received by these named executive officers from LRWC in the event of a change in control of LRWC.

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 current manual on corporate governance is addressing critical areas affecting the Company's operations.

Independent Directors

An independent director is defined as a person who has not been an officer or employee of LRWC, its subsidiaries or affiliates or related interests during the past three (3) years counted from date of his election, or any other individual having a relationship with the institution, its parent, subsidiaries or related interest, or to any of the institution's director, officer or stockholder holding shares of stock sufficient to elect one seat in the board of directors or any of its related companies within the fourth degree of consanguinity or affinity, legitimate or common-law, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

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

1. Anthony A. Almeda
2. Clarita T. Zarraga

Committees of the Board

Pursuant to LRWC's Manual, the Board has created the following committees below and has appointed members thereto to which each of the committee members holding office as of the date of this Prospectus shall serve until his or her successor shall be elected and qualified.

a. Audit Committee

LRWC's Audit Committee is composed of at least three (3) Board members, two of whom shall be independent directors including Chairman) preferably have related accounting, audit and related financial management experience. A key Audit Committee function is to oversee LRWC's financial reporting, internal and external audit activities. Together with other relevant committees, the Audit Committee also provides oversight over the senior management's activities in managing credit, market, liquidity, operational, legal and other risks faced by LRWC.

As of the date of this Prospectus, the members of the Audit Committee are:

Clarita T. Zarraga	-Chairman, Independent Director
Reynaldo P. Bantug	-Member
Bienvenido M. Santiago	-Member

Pursuant to SEC Memorandum Circular No. 4, Series of 2012, LRWC shall ensure that the Audit Committee follows a charter that will guide its conduct of the functions of the committee and make an assessment of the performance of the Audit Committee.

b. Compensation Committee

The Compensation Committee is composed of three directors, one of whom is an independent director, and meets as often as may be required by the Chairman. This committee is responsible for establishing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors; providing oversight over remuneration of senior management and other key personnel; designating the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run LRWC successfully; developing a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers; and reviewing the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

As of the date of this Prospectus, the members of the Compensation Committee are:

Reynaldo P. Bantug	-Chairman
Clarita T. Zarraga	-Member, Independent Director
Eusebio H. Tanco	-Member

c. Nominations Committee

LRWC's Nomination Committee is composed of three (3) directors, one of whom is an independent director, and meet as often as may be required by the Chairman. This Committee reviews and evaluates the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board of Directors.

As of the date of this Prospectus, the members of the Nomination Committee are:

Willy N. Ocier -Chairman
 Wilson L. Sy -Member
 Anthony L. Almeda -Member – Independent Director

d. Risk Oversight Committee

LRWC’s Risk Oversight Committee is composed of five (5) Board members. Among major functions of this committee are (1) development and implementation, in coordination with the line management of LRWC's corporate risk policy, (2) monitor the timely reporting of internal and external risks by LRWC, based on set requirements by internal and external bodies (3) identify and evaluate exposures, (4) develop risk management strategies (5) oversee implementation of the risk management plan, and (6) review and revise the plan as needed.

As of the date of this Prospectus, the members of the Risk Oversight Committee are:

Anthony L. Almeda -Chairman, Independent Director
 Reynaldo P. Bantug -Member
 Jose Francisco B. Benitez -Member
 Wilson L. Sy -Member
 Ignatius F. Yenke -Member

List of Employees

LRWC presently has a total of twenty-five (25) employees and anticipates to increase this number to fifty (50) in the next twelve months. The number of present employees are categorized according to their type below:

Position	Number
Executive	- 2
Operations	- 3
Finance/Treasury	- 7
Administrative	- 3
Audit	- 8
Clerical	- 2
Total	- 25

The following benefits are accorded to the regular employees:

- Benefits**
1. Bonus
 - 13th Month Pay (All employees)
 - 14th Month Pay (Mid-Year Bonus)
 - 15th Month Pay (Christmas Bonus) - conditional
 - Performance Bonus (1st Qtr) - conditional
 2. Paid leave of absences
 - Vacation Leave (14 VL & 3 EL)
 - Sick Leave (15 days)
 - Bereavement Leave (4 days)
 - Paternity Leave (7 working days)
 -
 3. Authorized Absence with pay
 - Maternity Leave (c/o SSS)
 - Leave of absence without pay (30 days)
 4. Financial Assistance
 - Bereavement Assistance
 - Maternity Assistance
 - Hospitalization Assistance
 - Company Emergency Loan
 - Company Facilitated Bank Loan (AUB & Sterling Bank)

- 5. Group Insurance
 - Life Insurance
 - Health Insurance

- 6. Allowances
 - Travel Allowance (outside MM)
 - Transportation Subsidy
 - Employee Support Allowance (NCR-40 / Prov-30)
 - Food Subsidy (as per guidelines)

- 7. Service Award
 - Loyalty Award (Cash & Plaque)

- 8. Performance Evaluation
 - Merit Increase

- 9. Retirement & Separation Benefits
 - As per R.A. 7641

- 10. Other statutory benefits
 - SSS
 - HDMF
 - Philhealth

- 11. Other benefits
 - Cellphone allowance for selected employees
 - Company Uniform
 - Transportation Allowance (outside-based assignment)

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of 30 September 2013:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation		Filipino	735,540,726	61.30%
Common	Zoraymee Holdings, Inc.		Filipino	133,521,190	11.13%
Common	Grandshares, Inc.		Filipino	120,000,000	10.00%
Common	Alfredo Abelardo B. Benitez		Filipino	81,983,999	06.83%

* Beneficial owners under PCD Nominee Corporation that hold more than 5% shares are Citisecurities, Inc., which holds 50,510,191 shares or 5.05%, and The Hongkong and Shanghai Banking Corporation, Ltd., which holds 55,081,480 shares or 5.51%. 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 Securities, Inc., the transfer agent of the registrant, and holds the shares in behalf of the beneficial owners.

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 six consecutive years, the Company was able to distribute cash dividend to its shareholders. During the annual stockholders' meeting held on July 27, 2012 the Board of Directors (BOD) declared cash dividend twice, ₱0.04 per share with record date of September 28, 2012, and another ₱0.035 with record date of February 28, 2013. BOD also declared cash dividends equivalent to ₱0.03 per share in 2007, ₱0.06 per share in 2008, ₱0.06 per share in 2009, ₱0.08 per share in 2010 and ₱0.075 per share in 2011.

Recent Sale of Unregistered Securities

On March 21, 2011, LRWC's Board approved the issuance of One Hundred Fifty Million shares from the unissued portion of its capital stock through private placement. By virtue of Subscription Agreements all dated March 24, 2011, the following companies subscribed to a total of 150,000,000 common shares at the stipulated subscription price of ₱7.50 per share:

Name of Subscriber/Investor	Number of Common Shares	Subscription Amount (₱)
Grandshares Inc.	100,000,000	750,000,000.00
Pacific Online Systems Corporation	25,000,000	187,500,000.00
Vantage Equities, Inc.	25,000,000	187,500,000.00

Twenty-Five percent (25%) of the subscription amount was paid upon the execution of the Subscription Agreements, while the remaining Seventy-Five percent (75%) was paid on May 15, 2011.

On 22 January 2013 and 22 March 2013, the Board and stockholders of LRWC, respectively, approved the private placement of up to One Billion Seven Hundred Fifty Million (1,750,000,000) preferred shares to not more than nineteen (19) non-qualified buyers under Section 10.1 (k) of the Securities Regulation Code at its par value of One

Peso (Php1.00) per share. As of the date of this Prospectus, LRWC is authorized to issue 2,500,000,000 preferred shares with aggregate par value of Php2.5 billion.

As of the date of this Prospectus, LRWC is authorized to issue 2,500,000,000 preferred shares with a par value per share of Php1.00 for an aggregate par value of Php2.5 billion. To date, LRWC has issued Php 1.65 billion worth of preferred shares issued through a private placement. The following companies subscribed to a total of 1,650,000,000 shares at the stipulated subscription price of Php1.00 per share:

Preferred Shareholders	No. of Shares	Amount Paid (Php)
Government Service Insurance System	800,000,000	800,000,000.00
Philippine Commercial Capital, Inc.	200,000,000	200,000,000.00
Philippine Business Bank, Inc. - Trust and Investment Center	200,000,000	200,000,000.00
Vantage Equities, Inc	100,000,000	100,000,000.00
Beneficial Life Insurance Co., Inc.	100,000,000	100,000,000.00
Maybank ATR Kim Eng Capital Partners, Inc. as Trustee	100,000,000	100,000,000.00
United Coconut Planters Life Assurance Corporation	50,000,000	50,000,000.00
Cocolife Fixed Income Fund Inc.	50,000,000	50,000,000.00
Liberty Flour Mills Inc.	50,000,000	50,000,000.00
Total	1,650,000,000	1,650,000,000.00

The 1,650,000,000 Preferred Shares will be listed in the Exchange. The additional listing application was filed on September 20, 2013.

Security Ownership of Management as of 30 September 2013

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Reynaldo P. Bantug	120,002.00	Filipino	0.010%
Common	Bienvenido M. Santiago	2.00	Filipino	Nil
Common	Jose Francisco B. Benitez	60,600.00	Filipino	0.005%
Common	Jose Conrado B. Benitez	2.00	Filipino	Nil
Common	Edgardo S. Lopez	2.00	Filipino	Nil
Common	Eusebio H. Tanco	7,681.00	Filipino	Nil
Common	Wilson L. Sy	2,286,600.00	Filipino	0.19%
Common	Ignatius F. Yenko	1,200.00	Filipino	Nil
Common	Willy N. Ocier	3,157,200.00	Filipino	0.26%
Common	Anthony L. Almeda	2.00	Filipino	Nil
Common	Clarita T. Zarraga	6,601.00	Filipino	Nil
Common	Raul G. Gerodias	2.00	Filipino	Nil
Common	Michael G. Acaban	-	Filipino	Nil
Common	Carmelita D. Chan	29,990.00	Filipino	0.002%

Voting Trust

The Company is unaware of any person holding more than five per cent (5%) of shares under a voting trust or similar agreement.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As of March 31, 2013, the following are the significant transactions of LRWC in the normal course of business with related parties, as reflected in the interim audited financial statements of LRWC.

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 Notes 22 and 28 of Notes to the Consolidated Financial Statements for the year 2012 and 2011.

Agreements among Certain Shareholders

As of the date of this Prospectus, there were no existing agreements among or between the shareholders.

MATERIAL CONTRACTS

The following are summaries of the material terms of the principal contracts related to LRWC and subsidiaries and should not be considered to be a full statement of the terms and provisions of such contracts. Accordingly, the following summaries are subject to the full text of each contract.

ABLE

1. ABLE has a grant of authority to conduct Bingo games from PAGCOR for each site within the group for product offered in each hall.
2. ABLE also has lease contracts with various lessors for its bingo hall operations.
3. 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.
4. 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.
5. 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".
6. 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.
7. In 2011, ABLE and Intralot S.A. Integrated Lottery Systems and Services amended its Equipment Lease and Services Agreement which includes: (1) Assignment of parent company Intralot S.A. Integrated Lottery Systems and Services to Intralot, Inc. and (2) Extension of Equipment lease and Services Agreement from its original scheduled expiration in August 2010 to September 2015.
8. In 2013, ABLE and Intralot, Inc. entered into a new Equipment Lease and Services Agreement covering a new system and upgraded equipment, with a provision that the contract mentioned in the preceding paragraph automatically terminates on the date that the new Bingo System is ready to accept bets.

FCLRC

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 Free Port (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.

ABLGI

1. On January 14, 2011, ABLGI entered into a Memorandum of Agreement to act as an operator and manager of the casino with Premium Leisure and Amusement, Inc. (PLAI), a subsidiary of Belle Corporation. PLAI is a member of consortium composed of SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Development Corporation and SM Commercial Properties.
2. In 2012, ABLGI, LRWC, PLAI and Belle Corporation entered into a Memorandum of Agreement amending the previous operating agreement to allow the entrance and participation of a foreign partner. In exchange, ABLGI would have a direct interest in the economic benefits to be derived by Belle Corporation and PLAI from the casino operations. ABLGI will provide funding to Belle Corporation (Belle) for the Casino Project equivalent to 30% of Belle's interest, or an estimated P4 Billion which will be funded through debt and

internally generated funds. In exchange for ABLGI's contribution, ABLGI shall be entitled to 30% of the fixed yearly income generated from the leasing of all commercial spaces in the project, inclusive of the hotel, retail and casino premises. Moreover, ABLGI shall be paid fees equivalent to 30% of the 50% share of Premium Leisure and Amusement, Inc. (PLAI) on the EBITDA from Casino operations or 30% of PLAI's 15% share of the Net Win, whichever is higher, after deducting PLAI's Royalty which is based on Gross Win.

3. On May 20, 2013, ABLGI executed an Omnibus Loan and Security Agreement (OLSA) of P3 Billion Pesos with BDO Unibank, Inc. as Lender, BDO Unibank, Inc – Trust and Investment Group as Security Trustee and the Company, LRWC, as Surety. The OLSA was executed to partially fund the ABLGI contribution pursuant to the Agreements wherein ABLGI will provide funding to Belle for the Belle Grande Integrated Casino & Resort Project.

BCGLC

On October 9, 2009, BCGLC was registered with SEC. Its primary purpose is to provide investment, management, counsel and to act as agent or representative for business enterprises engaged in gaming, recreation and leisure activities. On October 20, 2009, BCGLC (lessor), as the authorized representative of Munich Management Limited – a foreign corporation duly organized and registered in British Virgin Islands entered into a contract of lease with PAGCOR (lessee) for the use of slot machines and gaming facilities. On April 27, 2011, LRWC purchased 26,250 shares of BCGLC representing 70% of BCGLC's outstanding capital stock. The purchase was ratified by LRWC's BOD on May 24, 2011. The corporation operates a Slot Arcade at the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga under a license issued by the Philippine Amusement and Gaming Corporation (PAGCOR).

HEPI

On 08 December 2011, HEPI and PAGCOR executed a Contract of Lease for the operation of a casino on the ground floor, second floor and penthouse of Midas Hotel and Casino. The term of the lease is ten (10) years, renewable at the option of PAGCOR. In consideration of the lease, PAGCOR shall pay HEPI the amount of Php9.36 Million per month, payable within the first fifteen (15) days of the succeeding month.

Also on 08 December 2011, HEPI and PAGCOR entered into a Marketing and Cooperation Agreement which shall be co-terminus with the Contract of Lease. Under the Marketing and Cooperation Agreement, HEPI shall formulate the marketing, advertising and promotion of the casino while PAGCOR shall provide the necessary expertise for the day-to-day operation of the casino. HEPI and PAGCOR agreed to share in NET monthly gaming revenues of the casino (total bets placed less payouts less 5% franchise tax) in the following proportion:

- a. 65% to PAGCOR
- b. 35% to HEPI after deducting PAGCOR's Php9.36 Million expense (monthly rentals under this Contract of Lease); HEPI, however, is required to devote another 5% of the NET monthly gaming revenues (taken from HEPI's share) exclusively for advertising, publicity, marketing and promotional activities for the casino.

PIKI

On July 26, 2013, PIKI and the PAGCOR executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City. The Junket Agreement is effective for a period of three (3) years and renewable at the option of PAGCOR.

Concurrent with the execution of the Junket Agreement with the PAGCOR, PIKI executed a Sub-Agency Junket Agreement with Gurutech Asia, Inc. (Sub-Agent) wherein PIKI and the Sub-Agent will jointly conduct junket gaming operations in accordance with and under similar terms and conditions as the PAGCOR Junket Agreement.

On September 13, 2013, the parties executed a Supplement Junket Agreement to offer supplementary services to enhance the existing junket gaming operations within PAGCOR's Casino Filipino-Midas. The Supplementary

Services will allow PAGCOR and PIKI to tap into foreign gaming markets in order to attract foreign tourist arrivals in the Philippines.

The Supplementary Services shall include operating gaming tables equipped with high definition video cameras, VOIP facilities, internet data facilities, among others, which shall allow PIKI to broadcast PAGCOR-approved table gaming activities from within the gaming rooms to PAGCOR-approved locations outside the Casino Filipino-Midas.

DESCRIPTION OF SECURITIES

The following is general information relating to LRWC's capital stock but does not purport to be complete or to give full effect to the provisions of the law and is in all respects qualified by reference to the applicable provisions of LRWC's amended articles of incorporation and by-laws.

Share Capital

LRWC was originally incorporated on October 10, 1957 as Atlas Fertilizer Corporation and was engaged in fertilizer and chemical production. As part of its corporate restructuring in 1996, LR's primary purpose was amended in 1999 to engage in realty development focusing on leisure business.

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 between the Company and ABLE's shareholders. Initially, 236,626,466 shares were approved by SEC for release to previous ABLE shareholders. The remaining shares corresponding to 513,373,534 were principally held in escrow with a local commercial bank. In 2003, the stockholders of LRWC approved the decrease in authorized capital stock from 2.5 billion shares to 1.6 billion shares at ₱1 par value per share. Accordingly, the Company's issued capital stock decreased from 1,162,678,120 to 744,114,784. This equity restructuring resulted in a reduction of ₱418,563,336 in the Company's deficit as at January 1, 2004 and reduced shares held in escrow to 328,559,059. In 2007 and 2008, SEC approved the release of 322,616,462 shares held in escrow. The remaining shares totaling 5,942,597 were finally approved for release on October 10, 2011.

The Articles of Incorporation of LRWC has been amended to deny pre-emptive rights of stockholders to any unissued portion of the capital stock.

Rights Relating to the Shares

Voting Rights

LRWC's Common Shares have full voting rights while LRWC's preferred shares have no voting rights.

At each meeting of the shareholders, every common stockholder entitled to vote on a particular question or matter involved shall be entitled to one (1) vote for each share of stock standing in his name in the books of LRWC at the time of closing of the transfer books for such meeting.

The Philippine Corporation Code provides that voting rights cannot be exercised with respect to shares declared delinquent, treasury shares, or if the shareholder has elected to exercise his rights of appraisal referred to below.

Dividend Rights

Under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

LRWC's Board of Directors is authorized to declare cash or stock dividends or a combination thereof. A cash dividend declaration requires the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds of LRWC's outstanding capital stock. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

LRWC has not declared a dividend policy and will declare dividend by based on the recommendation of the Board. Such recommendation will take into consideration factors such as operating expenses, implementation of business plans, and working capital among other factors.

Pre-Emptive Rights

The Corporation Code confers pre-emptive rights on shareholders of a Philippine corporation, which entitle them to subscribe to all issues or other disposition of shares of any class by the corporation in proportion to their respective shareholdings, subject to certain exceptions. A Philippine corporation may provide for the exclusion of these pre-emptive rights in its articles of incorporation. The Articles of Incorporation of LRWC currently contains such a denial of pre-emptive rights on all classes of shares issued by LRWC and therefore, further issues of shares (including treasury shares) can be made without offering such shares on a pre-emptive basis to the existing shareholders.

Derivative Rights

Philippine law recognizes that the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors themselves are the malefactors.

Appraisal Rights

As provided for by law, any stockholder shall have a right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment of the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the 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 of the Philippines;
3. In case of merger or consolidation; and
4. In case the corporation invests corporate funds in another corporation or business or for any other purpose.

In these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which in default of agreement is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. The designated commercial courts of the Regional Trial Court in a given city or province will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. The remedy will only be available if the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of the share.

Derivative Suits

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights, as for example, where the directors themselves are the malefactors.

Disclosure Requirements / Right of Inspection

Philippine stock corporations are required to file a general information sheet which sets forth data on their management and capital structure and copies of their annual financial statements with the SEC. Corporations must also submit their annual financial statements to the BIR. Corporations whose shares are listed on the PSE are also required to file current, quarterly and annual reports with the SEC and the PSE. Shareholders are entitled to require copies of the most recent financial statements of the corporation, which include a balance sheet as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the corporation for the preceding year.

Change in Control

LRWC’s Articles and By-laws do not contain any provision that will delay, deter or prevent a change in control of LRWC.

Other Features and Characteristics of LRWC’s Common Shares

LRWC’s Common Shares are neither convertible nor subject to mandatory redemption. All of LRWC’s issued Common Shares are fully paid and non-assessable and free and clear from any and all liens, claims and encumbrances. All documentary stamp tax due on the issuance of all Common Shares has been fully paid.

Features and Characteristics of LRWC’s Preferred Shares

The issued and outstanding 1,650,000,000 Preferred Shares have a par value of Php1.00 per share and has the following features:

Offer Price	:	Php 1.00 per share
Dividend Rate	:	8.5 % per annum
Features	:	The Preferred Shares shall be cumulative, non-voting, and non-participating.
Dividend Payment	:	As and when declared by the Board of Directors, cash dividends will be paid semi-annually in arrears on the last day of each six-month dividend period. Dividends will be calculated on the basis of 180/360 day basis.
Dividend Rate Step-Up	:	Unless the Preferred Shares are redeemed by the Company on the Optional Redemption Date, the Dividend rate shall be adjusted on the Optional Redemption Date to the higher of (a) the Dividend Rate or (b) the prevailing Philippine Dealing System Treasury Note fixing 10-year treasury securities benchmark rate, plus a spread of 300 basis points.
Optional Redemption	:	LRWC has the option, but not the obligation, to redeem the perpetual preferred shares in whole or in part on the 5 th year anniversary from issue date (“Optional Redemption Date”) or on any Dividend Payment Date thereafter at a redemption price

		<p>equal to the issue price of the perpetual preferred shares plus cumulated and unpaid cash dividend, if any, for all dividend periods up to the date of actual redemption by the Company.</p> <p>In case LRWC exercises redemption in part, redemption shall be prorated according to the percentage shareholdings of the stockholders.</p>
Provision of Warrants	:	A nil-paid, detachable warrant shall be issued to the Investor(s) for every twenty (20) Preferred Shares. Each warrant shall entitle the Investor(s) to purchase one (1) LRWC common share. Upon full exercise, the warrants shall be equivalent to a maximum of 125 million common shares.
Exercise Price of Warrants	:	The exercise price of the warrant shall be Php15.00, or LRWC's weighted average trading price for three (3) months prior to the exercise date of the warrant less a ten percent (10%) discount.
Exercise Period of Warrants	:	The warrants are exercisable starting on the 5th anniversary of the perpetual preferred shares until the 8th anniversary.
Early Redemption Due to Changes in Accounting Treatment	:	<p>If an Accounting Event occurs that will result in a change in the accounting treatment of the Perpetual Preferred Shares, the Company may redeem the Perpetual Preferred Shares at the issue price plus all cumulated and unpaid cash dividends, if any.</p> <p>An Accounting Event shall occur if an opinion of a recognized person authorized to provide auditing services in the Republic of the Philippines states that there is more than an insubstantial risk that funds raised through the issuance of Perpetual Preferred Shares may no longer be recorded as "equity" pursuant to the Philippine Financial Reporting Standards.</p>

Issues of shares

Subject to otherwise applicable limitations, LRWC may issue additional Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent shares) has been paid and proof of payment of the applicable taxes shall have been submitted to LRWC's Corporate Secretary.

Share certificates

Certificates representing the Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to LRWC's stock transfer agent. Shares may also be lodged and maintained under the book-entry system of the PDTC.

Mandatory tender offers

Under the SRC which took effect on August 8, 2000 and its implementing rules and regulations, it is mandatory for any person or group of persons acting in concert intending to acquire (a) at least 35 per cent of equity shares in a public company; or (b) at least 35 per cent of such equity over a period of 12 months, or (c) less than 35 per cent of such equity but such acquisition would result in ownership of over 51 per cent of the total outstanding equity of a public, to make a tender offer to all the shareholders of the target corporation on the same terms. The term "public

company” refers to a corporation: (i) with a class of equity securities listed in an Exchange (e.g. PSE); or (ii) with assets of at least 50 million and having 200 or more shareholders with at least 100 shares each. In the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro-rata basis.

Fundamental matters

The Philippine Corporation Code provides that certain significant acts may only be implemented with shareholders’ approval. The following require the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the corporation in a meeting duly called for the purpose:

- (i) amendment of the articles of incorporation;
- (ii) removal of directors;
- (iii) sale, lease, exchange, mortgage, pledge or other disposition of all or a substantially all of the assets of the corporation;
- (iv) investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- (v) issuance of stock dividends;
- (vi) amendment of by-laws or delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws;
- (vii) merger or consolidation;
- (viii) an increase or decrease in capital stock;
- (ix) extension or shortening of the corporate term;
- (x) creation or increase of bonded indebtedness; and
- (xi) voluntary dissolution of the corporation.

Stock Transfer Agent

Stock Transfer Service, Inc. is the Stock Transfer Agent for the purpose of authenticating and registering transfer of the Offer Shares as set forth in the Stock Transfer Agreement.

Accounting and auditing requirements

Philippine stock corporations are required to file copies of their annual financial statements with the Philippine SEC. Corporations whose shares are listed on the PSE are also required to file quarterly financial statements (for the first three quarters) with the Philippine SEC and the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a balance sheet as at the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of LRWC for the preceding year. This report is required to include audited financial statements.

MARKET PRICE OF AND DIVIDENDS ON LRWC'S SHARES AND RELATED SHAREHOLDER MATTERS

Market Information

There has been a public trading market for LRWC's common shares. However, prior to the Offer, there has been no public trading market for any of LRWC's preferred shares or warrants.

Holders of the Company's Common Shares

As of the date of this Prospectus, the Corporation's authorized capital stock is 5,000,000,000 shares divided into 2,500,000,000 common shares and 2,500,000,000 preferred shares. Each share has a par value of Php1.00 per share. The total number of issued and outstanding shares is:

Type	Number	Par Value (Php)	Total (Php)
Common	1,199,852,512	1.00	1,199,852,512.00
Preferred	1,650,000,000	1.00	1,650,000,000.00

As of 30 September 2013, the following are the holders of record of LRWC's common shares as set forth in the following table:

Rank	Name	Nationality	No. of Shares
1	PCD NOMINEE CORPORATION (FILIPINO)	Filipino	735,540,726
2	ZORAYMEE HOLDINGS, INC.	Filipino	133,521,190
3	GRANDSHARES INC.	Filipino	120,000,000
4	ALFREDO ABELARDO B. BENITEZ	Filipino	81,983,999
5	DOMINIQUE L. BENITEZ	Filipino	31,680,000
6	PACIFIC ONLINE SYSTEMS CORPORATION	Filipino	30,000,000
7	AB LEISURE EXPONENT, INC.	Filipino	21,567,000
8	PCD NOMINEE CORPORATION (NON-FILIPINO)	Foreign	16,665,336
9	WILSON L. SY	Filipino	2,286,600
10	WILLY NG OCIER	Filipino	2,125,200
11	PAUL LUIS P. ALEJANDRINO	Filipino	1,426,224
12	OCX DEVELOPMENT CORPORATION	Filipino	1,032,000
13	LIBERTY FARMS, INC.	Filipino	809,129
14	PROVIDENT INSURANCE CORP.	Filipino	591,023
15	BRISOT ECONOMIC DEVELOPMENT CORP.	Filipino	512,004
16	VISAYAN SURETY & INSURANCE CORP.	Filipino	486,294
17	ALLEN CHAM	Chinese	347,974
18	OLIVER V. AMORIN	Filipino	311,220
19	TAN KEG TIAM	Filipino	279,618
20	FE PALTING LAGDAMEO &/OR ROBERTO J. LAGDAMEO	Filipino	263,350
	TOTAL		1,181,428,887

As of the date of this Prospectus, the following are the holders of record of LRWC's preferred shares as set forth in the following table:

Rank	Name	Nationality	No. of Shares
1	GOVERNMENT SERVICE INSURANCE CORPORATION	Filipino	800,000,000
2	PHILIPPINE COMMERCIAL CAPITAL, INC.	Filipino	200,000,000
3	PHILIPPINE BUSINESS BANK - TRUST AND INVESTMENT CENTER	Foreign	200,000,000
4	VANTAGE EQUITIES, INC.	Filipino	100,000,000
5	BENEFICIAL LIFE INSURANCE CO., INC.	Filipino	100,000,000
6	MAYBANK ATR KIMENG CAPITAL PARTNERS, INC.	Filipino	100,000,000
7	UNITED COCONUT PLANTERS LIFE ASSURANCE CORP.	Filipino	50,000,000
8	COCOLIFE FIXED INCOME FUND, INC.	Filipino	50,000,000
9	LIBERTY FLOUR MILLS, INC.	Filipino	50,000,000
	TOTAL		1,650,000,000

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by LRWC, the Underwriter, or any of their respective subsidiaries, affiliates or advisers in connection with sale of the Offer Shares.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system which integrates all bid and ask quotations from the bourses.

In June 1998, the SEC granted the PSE Self-Regulatory Organization (“SRO”) status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. As of June 30, 2012, the PSE has an authorized capital stock of Php97.8 million, of which Php61.00 million is issued and outstanding. Each of the 184 member-brokers was granted 50,000 shares of the new PSE at a par value of Php1.00 per share. In addition, a trading right evidenced by a “Trading Participant Certificate” was immediately conferred on each member-broker allowing the use of the PSE’s trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Companies are listed either on the PSE’s First Board, Second Board or the Small and Medium Enterprises Board under the following sectors: financial, industrial, holding firms, property, services and mining and oil. Each index represents the numerical average of the prices of component stocks. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi includes 30 companies listed on the PSE. As of the date of this Prospectus, the proposed rules for listing in the Main and SME Boards are pending approval by the SEC.

With the increasing calls for good corporate governance, the PSE has adopted an online disclosure system to improve the transparency of listed companies and to protect the investing public.

The table below sets forth movements in the composite index from 1995 to January 14, 2013 and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Selected Stock Exchange Data

Calendar Year	<u>Composite Index at Closing</u>	<u>Number of Listed Companies</u>	<u>Aggregate Market Capitalization</u>	<u>Combined Value of Turnover</u>
			<i>(in ₱ billions)</i>	
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.9
1997	1,869.2	221	1,261.3	588.0
1998	1,968.8	221	1,373.7	378.9
1999	2,142.9	223	1,936.5	668.8

Calendar Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization	Combined Value of Turnover
			<i>(in ₱ billions)</i>	
2000.....	1,494.5	226	2,576.5	58.61
2001.....	1,168.1	228	2,143.3	407.2
2002.....	1,014.4	232	2,083.2	780.9
2003.....	1,442.4	235	2,973.8	357.6
2004.....	1,822.8	236	4,766.2	206.6
2005.....	2,096.0	237	5,948.4	383.5
2006.....	2,982.5	240	4,277.8	1,145.3
2007.....	3,621.6	244	7,977.6	1,338.3
2008.....	1,872.9	246	4,069.2	763.9
2009.....	3,052.7	248	6,029.1	994.2
2010.....	4,201.1	253	8,866.1	1,207.4
2011.....	4,372.0	253	8,697.0	1,422.6
2012	5,812.7	268	10,850	1,420
September 27, 2013	6,379.8	289	11,843	1,955.5

Source: Philippine Stock Exchange, Inc.

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bids or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment for purchases of listed securities must be made by the buyer on or before the third trading day after the trade.

Trading on the PSE starts at 9:30 a.m. and ends at 3:20 p.m. with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal holidays when the BSP clearing house is closed.

Minimum trading lots range from five (5) to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50 per cent, or down by 50 per cent, in one day (based on the last traded price or adjusted closing price, as the case may be), or the maximum allowable price difference between an update in the Last Traded Price ("LTP") of a given Security and its preceding LTP that is equal to a percentage set by the PSE based on its trade frequency is breached, the price of that security is automatically frozen by the PSE, unless there is an official statement from the relevant company or a Government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the issuer is disseminated, subject again to the trading band.

The maximum allowable price difference between an update in the LTP of a given security and its preceding LTP percentages are as follows: Stocks that traded 20 times or less in the past six (6) months have a threshold of 20 per cent; stocks that traded 500 times or less but greater than 20 times in the past six (6) months have a threshold of 15 per cent; stocks that traded more than 500 times in the past six (6) months have a threshold of 10 per cent.

Settlement

The Securities Clearing Corporation of the Philippines (“SCCP”) is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. It is responsible for (a) synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also PSE Brokers; (b) guaranteeing the settlement of trades in the event of a Trading Participant’s default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund, and (c) performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after the transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scriptless form and lodged under the PDTC’s book-entry system. Each PSE Broker maintains a Cash Settlement Account with one of the two existing settlement banks of SCCP, which are Banco de Oro Unibank, Inc. and Rizal Commercial Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its new clearing and settlement system called Central Clearing and Central Settlement (“CCCS”) on May 29, 2006. CCCS employs multilateral netting whereby the system automatically offsets “buy” and “sell” transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scriptless Trading

In 1995, the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository, Inc.) was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On 16 December 1996, the PDTC was granted a provisional license by the SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders’ meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, Rizal Commercial Banking Corporation and Banco de Oro Unibank, Inc.

In order to benefit from the book-entry system, securities must be immobilized in the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee Corporation (“PCD Nominee”), a corporation wholly owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. “Immobilization” is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of PCNC through the PDTC participant will be recorded in the Company’s registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares through his participant will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant’s aggregate holdings, in the PDTC system and, with respect to each beneficial owner’s holdings, in the records of the

participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (trading date plus three trading days) that there are adequate securities in the securities settlement account of the participant-seller and adequate clear funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP CCCS system, in accordance with the PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a stockholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the stockholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporation's books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled confirmation advices is issued in the name of PCD Nominee Corp. to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the nominees' name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agent's books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing the broker from its current "de facto" custodianship role.

Amended Rule on Lodgement of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirements, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the Exchange shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the SEC.

For listing applications, the amended rule on lodgment of securities is applicable to:

- a. The Rights Shares/securities of the applicant company in the case of an initial public offering;
- b. The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the SEC in the case of a listing by way of introduction;
- c. New securities to be offered and applied for listing by an existing listed company; and
- d. Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

For new companies to be listed at the PSE as of July 1, 2009 the usual procedure will be observed but the transfer agent of the companies shall no longer issue a certificate to the PCD Nominee Corporation ("PCNC") but shall issue

a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on listing date.

For existing listed companies, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCNC Jumbo Certificates and upon such advice the PDTC shall surrender all PCNC Jumbo Certificates to the transfer agent for cancellation. The transfer agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the issuer's registry as of the confirmation date.

Issuance of Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply to PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a stockholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the stockholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of certificated shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of beneficial ownership in the shares to certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until certificated shares shall have been issued by the relevant company's transfer agent.

PHILIPPINE TAXATION

The information set out below concerning certain provisions of Philippine tax law is based upon circumstances, laws and their interpretations in effect as of the date of this Prospectus, all of which are subject to change. This information is general in nature and is not exhaustive. Prospective investors should consult their own tax advisers with respect to the tax aspects of an investment in the Shares.

Corporate Income Tax

In general, a tax of thirty-five per cent is imposed upon the taxable net income of a domestic corporation from all sources (within and outside the Philippines). Gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust fund and similar arrangements as well as royalties from sources within the Philippines are however subject to a final withholding tax of twenty per cent of the gross amount of such income.

Taxation for Corporations

Taxable net income refers to items of income specified under Section 32 A of the Tax Code less the items of allowable deductions under Section 34 of the Tax Code or those allowed under special laws.

A minimum corporate income tax (MCIT) of 2 per cent of the gross income is payable beginning on the 4th year of operations of LRWC only if the MCIT is greater than the regular income tax of 30 per cent computed on net taxable income. Any excess MCIT paid over the computed regular tax can be carried forward as tax credit for the three immediately succeeding years. For purposes of MCIT, gross income for those engaged in the sale of service means gross receipts less sales returns, allowances, discounts and cost of services. In case of banks, cost of services includes interest expense but income derive from other businesses of LRWCs are included in the gross income subject to MCIT but the necessary expense incurred for the said income are not allowed as deduction.

The Tax Code does not allow the deduction of interest expense arising from transactions with related party wherein:

The borrower is an individual directly or indirectly owing more than 50 per cent in value of the outstanding capital stock of LRWC;

More than 50 per cent in value of the outstanding stock of both the borrower and LRWC is owned directly or indirectly, by or for the same individual, if the borrower is a personal holding company or a foreign personal holding company.

Similarly, section 36 (B) of the Tax Code disallows to deduct bad debts in the case related-party transactions as mentioned in the case of interest expense.

An exception to the rule that those not habitually engaged in real estate business shall be subject to final tax on the sale of capital asset, is a sale of real property of banks which is considered as an ordinary asset, the income from the sale of which is subject to regular corporate income tax of 30 per cent . Thus, the gain in the sale of land and/or building is subject to creditable withholding tax of 6 per cent based on the zonal value or selling price, which shall be withheld by the buyer and can be used as a credit against LRWC's taxable income in the year that the gain is realized.

The Tax Code provides for a final tax at fixed rates for the amount of interest, yield or benefit derived from deposit substitutes which shall be withheld and remitted by the payor of the said interest, yield or benefit. This rule does not apply to gains derived from trading, retirement or redemption of the debt instrument which is subject to regular income tax rates, except those instruments with maturity of more than five (5) years.

To be considered as a deposit substitute, the debt instrument must have been issued or endorsed to 20 or more individual at any one time, which means that at the time of the original issuance in the primary market or at the issuance of each tranche in case of instruments sold or issued in tranche.

Interbank call loans with a maturity period of not more than five days and used to cover deficiency in reserves against deposit liabilities are not considered deposit substitutes. The interbank call loans are not subject to documentary stamp tax except of it has a maturity of more than seven (7) days.

Tax on Dividends

Under current law, cash and property dividends received from a domestic corporation by individual stockholders who are either citizens or residents of the Philippines are subject to tax of 10 per cent. Cash and property dividends received by domestic corporations or resident foreign corporations are not subject to tax.

Cash and property dividends received from a domestic corporation by a non-resident foreign corporation not engaged in trade or business in the Philippines are generally subject to tax at the rate of 35 per cent subject to applicable preferential tax rates under tax treaties enforced between the Philippines and the country of domicile of such non-resident foreign corporations, the 32 per cent rate for dividends paid to a non-resident foreign corporation maybe reduced to a special 15 per cent rate under the National Internal Revenue Code if the country in which the non-resident foreign corporation is domiciled imposes no taxes on foreign sourced dividends or ii) the country of domicile of the non-resident foreign corporation allows a credit equivalent to 17 per cent for taxes deemed to have been paid in the Philippines.

Subject to applicable preferential tax rates under treaties in force between the Philippines and the country of domicile of such non-resident foreign corporation, cash and/or property dividends received from a domestic corporation by a non-resident corporation are subject to final withholding tax at the rate of 15 per cent; provided that the country in which the non-resident foreign corporation is domiciled (i) imposes no taxes on foreign-sourced dividends or (ii) allows a credit against the tax due from the non-resident foreign corporation taxes deemed to have been paid in the Philippines equivalent to 20 per cent, which represents the difference between the regular income tax of 35 per cent on corporations and the 15 per cent tax on dividends.

Taxes on Capital Gains

Net capital gains realized by a resident or non-resident other than a dealer in securities during each taxable year from the sale, exchange or disposition of shares outside the facilities of the PSE, unless an applicable treaty exempts such gains from tax or provides for preferential rates, are subject to tax as follows: (a) five (5) per cent on gains not exceeding Php100,000; and (b) 10 per cent on gains over Php100,000.

Tax on Sale and other Disposition of Shares through the Initial Public Offering

The sale, barter, exchange or other disposition through an IPO or shares of stock in closely held corporation is subject to an IPO tax at the rate of:

- 4% up to 25%
- 2% over 25% but not over 33.5%
- 1% over 33.5%

based on the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed in accordance with the proportion of the shares of stock sold, bartered, exchanged or otherwise disposed to the total outstanding shares of stock after the listing in the Philippine Stock Exchange.

Taxes on Transfer of Shares Listed and Traded Through the PSE

A sale or other disposition of shares of stock listed and traded through the facilities of the Exchange by a resident or a non-resident holder, other than a dealer in securities, is generally subject to a stock transaction tax at the rate of one-half of one per cent (½% of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed which shall be paid by the seller or transferor. In addition, a value-added tax (“VAT”) of 12 per cent is imposed on the commission earned by the Philippine Stock Exchange registered broker which is generally passed on to the client.

The BIR has issued a letter that it will impose the “5% /10% capital gains tax” for any shares traded in the Exchange if the listed company whose shares were traded does not comply with the minimum public ownership requirement.

Documentary Stamp Tax

The original issue of shares is subject to documentary stamp tax of Php1.00 for each Php200.00, or a fractional part thereof, of the par value of the shares issued. The transfer of shares is subject to a documentary stamp tax of Php0.75 for each Php200.00, or a fractional part thereof of the par value of the shares transferred. However, the sale, barter or exchange of shares of stock listed and traded through the local stock exchange shall not be subject to documentary stamp.

FOREIGN EXCHANGE REGULATIONS AND FOREIGN OWNERSHIP

Under current BSP regulations, an investment in listed Philippine securities (such as the Offer Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings derived from such Shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. Current BSP Circular No. 471 (Series of 2005), however, subjects foreign exchange dealers and money changers to Republic Act No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these nonbank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration document in connection with their application to purchase foreign exchange exceeding US\$5,000 for purposes of capital repatriation and remittance of dividends.⁵

The application for registration may be done directly with the BSP or through a custodian bank duly designated by the foreign investor. A custodian bank may be a commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. Applications for registration must be accompanied by: (i) purchase invoice, subscription agreement and proof of listing on the PSE (either or both); (ii) credit advice or bank certificate showing the amount of foreign currency inwardly remitted and converted into Pesos; and (iii) transfer instructions from the stockbroker or dealer, as the case may be.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSP registration document; (2) the cash dividends notice from the PSE and the Philippine Central Depository printout of cash dividend payment or computation of interest earned; (3) copy of secretary's sworn statement on the board resolution covering the dividend declaration and (4) detailed computation of the amount applied for in the format prescribed by the BSP. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, through the Monetary Board, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during an exchange crisis, when an exchange crisis is imminent, or in times of national emergency.

The registration with the BSP of all foreign investments in any Shares received in exchange for Offer Shares shall be the responsibility of the foreign investor.

Foreign Ownership

Under Republic Act No. 7906 or the Thrift Banks Act of 1995, aggregate foreign ownership in LRWC cannot exceed the maximum of 60 per cent of the issued and outstanding voting stock. An individual non-Filipino individual and non-bank entity can only acquire up to 40 per cent of the issued and outstanding voting stock of LRWC. Accordingly, LRWC cannot allow the issuance of shares or record the transfer of shares to persons other than Philippine Nationals if such issuance or transfers shall exceed the above-mentioned foreign ownership limits.

LEGAL MATTERS

Philippine legal matters in connection with the Offer have been passed upon for LRWC by Gerodias, Suchianco and Estrella Law Firm (or GSE Law), LRWC's counsel for the Offer. GSE Law does not have any direct or indirect interest in LRWC.

INDEPENDENT AUDITORS

The financial statements of LRWC as of December 31, 2010, 2011 and 2012 and for the years then ended were audited by KPMG MANABAT SANAGUSTIN & CO., Certified Public Accountants.

The aggregate fees billed and paid by LRWC in favor of its External Auditors for Audit and Audit Related Fees is Pesos: Four Million Six Hundred Thirty Three Thousand and One Hundred Four (Php4,633,104.00) for the fiscal year 2012 and Four Million Three Hundred Sixty Two Thousand and Sixty Four (Php4,362,064.00) for the fiscal year 2011. 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, of the external auditors has been submitted 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.