COVER SHEET

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SEC Registration Number

LEISURE & RESORTS WORLD
CORPORATION & SUBSIDIARIES

(Company's Full Name)

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

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

MR. RIZALITO S. OADES
(Contract Person)

(02) 638-5557
(Company Telephone Number)

1	2		3	1
Month			*Day*	

(Fiscal Year)

17-Q
(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2014

2. Commission identification number 13174 3. BIR tax identification number 321-000-108-278

LEISURE & RESORTS WORLD CORPORATION
4. Exact name of issuer as specified in its charter

MAKATI CITY, METRO MANILA, PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: ________ (SEC use only)

26 Flr, WEST TOWER, PSE CENTER, EXCHANGE ROAD, ORTIGAS CENTER, PASIG CITY
7. Address of registrant's principal office

(02) 687-03-70; 637-5292-93
8. Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common	1.199,852,512
Preferred	1,650,000,000
Warrants	82,500,000

11. Are any or all of the securities listed on a Stock Exchange?

Yes [/] No [ ]

12. Indicate by check mark whether the registrant:

a.) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

Yes [/] No [ ]

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

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

Comparable Discussion on Material Changes in Results of Operations and Financial Condition

LRWC Operations

LRWC is functioning basically as a holding company with minimal operations. The company is still focusing its endeavor in supporting the productivity programs of its 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%); (4) Prime Investment Korea, Inc. (PIKI – 100% owned); (5) First Cagayan Leisure and Resort Corporation (FCLRC – 69.68% owned); (6) Bingo Bonanza (HK) Ltd. (BBL – 60% owned); and (7) Blue Chip Gaming and Leisure Corporation (BCGLC – 70% owned). Based on PFRS 3, Business Combination, LRWC has not amortized the goodwill on its investments in its subsidiaries. Instead, PFRS 3 requires for an annual test for goodwill impairment. On the basis of the test for impairment of goodwill, there is no need to provide for allowance for impairment for the first quarter of 2014.

LRWC's total operating expenses amounted to ₱28.4 million and ₱12.8 million during the first quarter of 2014 and 2013, respectively. The increase of ₱15.6 million or 121.9% is mainly attributable to the rapid expansion of the Group's operations and management's drive to provide effective tools for a more efficient and competent organization. LRWC's ongoing restructuring of its management organization involves new hires and reassignment of several personnel from its subsidiaries. The Company's main goal is to enable shared services functions that will provide consistent managerial and administrative services to all of its subsidiaries, including marketing programs and initiatives. Other increase in expenses included donations made to help the victims of Typhoon Yolanda.

Beginning the second quarter of 2013, LRWC recorded its 51% share in the net results of Hotel Enterprises of the Philippines, Inc. (HEPI). For the first quarter of 2014, LRWC recognized ₱6.5 million as its share in HEPI's net income for the period.

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

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.

ABLE Operations
First Quarter 2014 vs. First Quarter 2013

ABLE (popularly known as Bingo Bonanza Corporation), is the pioneer in professional bingo gaming in the Philippines. Philippine Amusement and Gaming Corporation (PAGCOR) granted ABLE the authority to operate bingo games pursuant to P.D. 1869. Since then, bingo outlets of ABLE and its subsidiaries have become community and entertainment centers, a source of revenue for the government, and a sponsor for fund-raising activities relating to social and educational programs.

Revenues

ABLE and its subsidiaries generated total revenues of ₱ 1,039.0 million for the first quarter of 2014, a ₱45.1 million or 4.5% improvement from the ₱990.8 million revenues during the same period last year. The increase is attributable to the increase in the sales of the following: (1) Electronic Bingo (E-Bingo) by ₱90.0 million or 19.1% and (2) Pull Tabs by ₱0.2 million or 21.2% partially offset by the decrease in the sales of the following: (1) Traditional Bingo by ₱28.0 million or 6.6% and (2) Rapid Bingo by ₱13.7 million or 14.7%

Traditional Bingo sales for the first quarter of this year contributed about 38.2% of total revenues, a drop of 4.7% from the 42.9% contribution during the first quarter of 2013. Traditional Bingo sales for the first quarter of 2014 amounted to ₱396.6 million, posting a decrease of ₱28.5 million or 17.2% from ₱425.1 million during the first quarter of 2013.

E-Bingo has become the Company's principal product line as its contribution has been increasing faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. For the first quarter of 2014, E-Bingo sales contributed 54.1% of total revenues or ₱561.6 million as compared to the 47.6% contribution amounting to ₱471.4 million during the same period last year. The growth of ₱90.2 million or 19.1% was due to the opening of several new bingo outlets. As of March 31, 2014, there were a total of 5,216 E-Bingo machines in 73 bingo parlors as compared to 4,291 E-Bingo machines in 68 bingo parlors in the first quarter of 2013.

During the first quarter of 2014, sales from Rapid bingo contributed ₱79.6 million or 7.7% of total revenues as compared to ₱93.4 million or 9.7% contribution to total revenues for the same period last year. There was a decrease in sales amounting to ₱13.7 million or 14.7% from the first quarter of 2013. By the end of March 31, 2014, there were a total of 66 Rapid bingo terminals in 57 bingo parlors as compared to 82 Rapid bingo terminals in 71 bingo parlors for the first quarter of last year.

During the first quarter of 2014, Pull Tabs contributed ₱1.2 million as compared to ₱ 1.0 million during the same period last year.

Overall, the increase in sales of Electronic Bingo more than compensated for the decreases in sales of the other products.

Expenses

ABLE's consolidated costs and operating expenses for the first quarter of 2014 of ₱559.7 million slightly decreased by ₱2.5 million or 0.5% from ₱557.1 million in the first quarter 2013. The decrease is mainly attributable to the following: (1) Payout by ₱14.0 million or 4.3% due to the implementation of new gaming programs and (2) Cards & Supplies by ₱0.6 million or 8.6% due to the decrease in sales of Traditional Bingo. These decreases were partly offset by the following increases due to the opening of several bingo parlors and other reasons as stated: (1) Taxes and Licenses by ₱1.1 million or 14.3%, (2) Communication & Utilities by ₱4.3 million or 10.1% and (3) "Others –Net" by ₱7.0 million or 151.1% owing to enhanced marketing activities for programmed bingo games. The resulting income from the "Other Income/(Expense)" account for the quarter amounted to ₱4.4 million, reflecting a ₱4.7 million or 1937.9% increase from last year's resulting expense of ₱0.2 million, which is mainly due to the dividend income received by ABLE in its investments.

Corporate Income Tax

Effective November 1, 2005, Republic Act No. (R.A.) 9337, "An Act Amending the National Internal Revenue Code, as Amended, with Salient Features," particularly Section 27(c), excluded PAGCOR from the provision which identifies government-owned or controlled corporations or agencies exempted from the corporate income tax.

Management believes that ABLE's payment of 5% Franchise Tax to the Bureau of Internal Revenue (BIR) was effectively equivalent to the payment of corporate income tax. Based on consultations with tax advisers, the management also believes that the 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 as amended by R.A. 9487, the 5% Franchise Tax shall be in lieu of all kinds of taxes, incurred or otherwise, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority. This exemption inures to the benefits of corporations, associations, agencies or otherwise, or individuals with whom PAGCOR has a contractual relationship in connection with the operations of casinos under the PAGCOR Franchise. Thus, the exemption referred to under PD 1869 is extended to its Bingo grantees/licensees.

In accordance with PAGCOR's directives, the Company continued to abide by the provisions of P.D. 1869 (as amended by R.A. 9487) whereby it paid the 5% Franchise Tax.

In view of the above, management has not provided for provision for income tax in previous years up to the first quarter of 2013.

However, the applicability of RMC No. 33-2013 was clarified by PAGCOR in a Memorandum dated July 9, 2013 stating: "Pursuant to RMC No. 33-2013, PAGCOR's contractees and licensees, which include bingo grantees, are subject to income tax, under the National Internal Revenue Code (NIRC), as amended, and no longer subject to the 5% franchise tax. In view thereof, please be advised that effective the second quarter of this year, bingo grantees should no longer remit the 5% franchise tax. However, you ("bingo grantees") are now subject to income tax."

Hence, for the third quarter of 2013, ABLE has stopped paying the 5% Franchise Tax to PAGCOR and began recognizing provisions for income tax instead. For the first quarter of 2014, provision for income tax amounted to ₱18.0 million.

Net Income

ABLE posted a consolidated net income (net of minority share) of ₱32.2 million for the first quarter of 2014, posting an increase of ₱3.8 million or 13.6% from the ₱28.3 million net income during the same period last year. The improvement in net income is a result of the increase in revenues and other income and slight decrease in costs and operating expenses.

FCLRC Operations
First Quarter 2014 vs. First Quarter 2013

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

FCLRC generated ₱309.2 million gross revenues for the first quarter of 2014, representing a ₱132.5 million or 75.0% increase from last year's first quarter of ₱176.6 million. The increase in revenues is attributable to the increase in the locators' revenues in addition to the increase in the number of operating locators. For the period ending March 31, 2014, there were 82 licensed locators – 69 of which are operational and 13 are non-operational while for the period ending March 31, 2013, there were 71 licensed locators – 64 of which are operational and 7 non-operational. During the first quarter of 2014, hosting fees from restrictive and interactive gaming locators contributed 89.7% to total revenues or ₱ 277.3 million, while license application and renewal fees accounted for ₱31.8 million or 10.3%, as compared to the first quarter of 2013, wherein hosting fees contributed 88.1% to total sales or ₱ 155.7 million while application and renewal fees contributed 11.9% to total sales or ₱21.0 million, effecting a growth of ₱121.7 million or 78.2% for hosting fees and a growth of ₱10.9 million or 51.7% for renewal and application fees.

FCLRC posted a net income of ₱118.7 million for the first quarter of 2014, a ₱47.4 million or 66.5% increase versus last year's ₱71.3 million. Total cost and operating expenses of ₱65.5 million increased by ₱21.7 million or 49.4% from last year's ₱43.9 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 of ₱2.0 million or 15.7%, (2) Rent of ₱0.1 million or 3.2% due to escalation, (3) Professional fees of ₱1.0 million or 29.0%, (4) Communication of ₱0.3 million or 47.7% due to higher consumption, (5) Taxes and licenses of ₱0.4 million or 114.2% and (6) "Others" Expenses of ₱17.8 million or 101.5% mainly due to the enhanced marketing programs implemented to attract more locators. These increases were partially offset by the decrease in depreciation of ₱0.04 million or 0.7%. "Other Income (Expense) account" of ₱22.1 million slightly decreased by ₱0.7 million or 2.9% from last year's ₱22.8 million mainly due to increase in interest expense arising from FCLRC's payable to CEZA coupled with decrease in other income derived from the rental of gaming facility and partially offset by the increase in net income of First Cagayan Converge Data Center, Inc. (FCCDCI).

First Cagayan Converge Data Center, Inc. (FCCDCI), a 60% owned subsidiary of FCLRC, posted a net income of ₱30.7 million and ₱18.1 million during the first quarters of 2014 and 2013, respectively. The ₱12.6 million or 69.3% improvement was due to higher posted revenues partially offset by an increase in direct costs and operating expenses.

LRLDI Operations
First Quarter 2014 vs. First Quarter 2013

In 2010, LRLDI has completed its construction of the CyberPark building intended for lease. Accordingly, in the same year, LRLDI entered into various lease agreements as lessor with lease terms ranging from monthly to five (5) years.

LRLDI is also committed in supporting the development of Cagayan Special Economic Zone and Free Port (CSEZFP). In executing an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), LRLDI has established its support by investing funds into the Lal-Lo Airport Project, 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.

During the first quarter of 2014, total rental income amounted to ₱3.9 million as compared to ₱4.5 million during the same period last year due to rebates granted, resulting to a decrease of ₱0.6 million or 13.5%. Total operating expenses for the first quarter of 2014 amounted to ₱3.3 million registering an increase of ₱1.3 million due documentary stamps, registration and application fees and other related expenses attributable to the issuance of new shares. Overall, LRLDI posted a net income of ₱0.4 million during the first quarter of 2014 and a net income of ₱0.6 million during the same time last year due to the share in pre-operating expenses in Techzone Philippines, Inc. where LRLDI has a 50% investment. LRLDI's equity share in the loss of Techzone for the first quarter of 2014 was only ₱ 0.1 million as compared to 2013's ₱1.7 million. As a result, there was a decline in the net income amounting to ₱0.2 million.

ABLGI Operations
First Quarter 2014 vs. First Quarter 2013

ABLGI has been engaged by Belle Corporation, through its subsidiary, Premium Leisure and Amusement, Inc. (PLAI), to act as operator and manager of its casino in behalf of PLAI pursuant to the provisional license issued by PAGCOR. The terms of the agreement are contained in the Operating Agreement signed by both parties on the same date. 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., and PLAI (all third parties), which was granted a Provisional License by PAGCOR to establish and operate a casino to be located within the Manila Bay Reclamation Area. As operator and manager of the casino, ABLGI shall exercise supervision, direction and responsibility for the casino operations. Also under the Operating Agreement, ABLGI shall ensure the acquisition and construction of additional gaming, hotel, and theater facilities and equipment.

Under the new Memorandum of Agreement dated July 5, 2012, executed between PLAI and Belle Corporation and ABLGI together with LRWC, 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 from the casino operations, particularly 30% of the fixed yearly income generated from the leasing of all commercial spaces in the Casino Project, inclusive of the hotel, retail and casino premises. Accordingly, ABLGI started to receive its participation income from Belle's share in the casino project in 2013.

For the first quarter of 2014, ABLGI recognized participation income amounting to ₱83.7 million and incurred ₱43.6 million interest attributable to long-term borrowings to finance its contribution to Belle Corporation. Operating expenses amounted to P12.6 million for the first quarter of 2014 showing an increase by P1.9 million or 17.5% from P10.7 million of last year's first quarter primarily due to increase in certain other expenses which were largely offset by decreases in contracted services and depreciation.

With the participation income, net profit for the first quarter of 2014 amounted to ₱17.3 as against the net loss of ₱7.9 for same first quarter in 2013.

BCGLC Operations
First Quarter 2014 vs. First Quarter 2013

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

For the quarter ended March 31, 2014, BCGLC generated gross revenues from slot machines totaling ₱24.1 million, ₱2.4 million or 11.1% higher than last year's ₱21.7 million. Total operating expenses amounted to ₱23.1 million and ₱20.8 million during the first quarter of 2014 and 2013, respectively. The increase in operating costs is mainly due to higher food and beverage expenses, repairs and maintenance, and rental although partly offset by decreases in representation and employee benefits.

Net income of BCGLC amounted to ₱0.9 million for the first quarter of 2014 and ₱0.8 million during the same period last year.

BBL Operations
First Quarter 2014 vs. First Quarter 2013

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

BBL generated gross revenues from its electronic bingo club operations amounting to ₱36.2 thousand and ₱141.9 thousand during the first quarter of 2014 and 2013, respectively. Total operating expenses amounted to ₱10.2 million during the first quarter of 2014 and ₱6.9 million during the same period last year. Hence, it posted net losses of ₱10.2 million during the first quarter of 2014 and ₱6.8 million during the same period last year.

PIKI Operations
First Quarter 2014

PIKI started its commercial operations on July 26, 2013. Together with Philippine Amusement and Gaming Corporation (PAGCOR), PIKI 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.

During the first quarter of 2014, PIKI generated gross revenues from its junket gaming operations totaling ₱6.7 million. With total costs amounting to ₱10.9 million, PIKI posted a net loss of ₱4.2 million.

LRWC Consolidated Net Income

As a result of the foregoing developments, LRWC posted a consolidated net income of ₱100.6 million for the first quarter of 2014 realizing an increase of ₱46.2 million or 84.8% increase from the ₱54.5 million consolidated net income of the same period last year. The increase is mainly due to the increase in net income of ABLE, ABLGI, and FCLRC partially offset by the decrease in net income of LRWC Parent, BBL and PIKI.

Financial Condition – March 31, 2014 vs. December 31, 2013

On a consolidated basis, the Balance Sheet of Leisure & Resorts World Corporation (LRWC) and its subsidiaries, ABLE, LRLDI, ABLGI, PIKI, FCLRC, BBL and BCGLC, continue to improve. Total assets as of March 31, 2014 amounting to ₱9.4 billion increased from ₱9.2 billion as of December 31, 2013. Significant increase in assets: (1) Receivables by ₱79.2 million is mainly due ABLE's various payments to vendors relating to the expansion program and others ; (2) Bingo cards and supplies by ₱ 12.6 million is due to ABLE's increase in level of inventory to support their new gaming dynamics; (3) Due from related parties by ₱66.1 mainly due to several on-going projects which will benefit the Group in the future; (4) Investment and advances by ₱33.9 million due to recognition of equity share in net income of associated and joint venture companies; (5) Other non-current assets by ₱40.9 is due to advances to certain companies, deposits to venue, PAGCOR bonds and others as a result of the opening of several bingo parlors. These increases were partially offset by the decrease in cash balance, property and equipment and deferred tax assets.

Total Liabilities slightly decreased by ₱6.1 million due to the following: (1) Short Term Loans Payable by ₱14.6 million due to ABLE's payments of short term borrowings to augment working capital requirements; (2) Due to related parties by 10.1 million; (3) Retirement Liability by ₱7.6 million attributable to ABLE and FCLRC's accrual adjustment of retirement obligation. These decreases were largely offset by the Income Tax Payable of ₱29.1 million mainly due to ABLE's provision for income tax.

Cash Flows – Three Months Ended March 31, 2014 vs. March 31, 2013

Cash balance as of March 31, 2014 of ₱239.0 million is higher than the ₱165.1 million registered as of the same period last year. Cash generated from operations was matched by cash used in financing activities thus leaving the cash used in investing activities accounting for the net decrease in cash during the quarter of 2014.

Key Performance Indicators

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

	As of	
	March 31, 2014	December 31, 2013
Liquidity		
Current Ratio	65.5%	59.8%
Leverage Ratio		
Debt to Equity	90.8%	94.1%

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Profitability Ratio		
Rate of Payout to Net Revenue	37.1%	47.9%
Return on Average Equity	2.1%	1.8%
Return on Average Assets	1.1%	1.4%
Solvency Ratio	2.9%	7.9%
Interest Coverage Ratio	3.4	7.5

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

Key Performance Indicators	
Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity
Rate of Payout to Net Revenue	Net Revenues / Payout
Return on Average Equity	Net Income / Average Equity
Return on Average Assets	Net Income / Average Total Assets
Solvency Ratio	Net Income + Depreciation / Total Liabilities
Interest Coverage Ratio	Income Before Interest & Tax / Interest Expense

Financial Instruments

Financial assets comprise cash and cash equivalents, receivables, due from related parties, advances to related and non-related parties, venue rental and other deposits and cash and performance bonds. Financial liabilities consist of trade and other payables, due to related parties, rent deposit and short-term and long-term loans payable.

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

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

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

The Group has no HTM investments, AFS financial assets, and FVPL financial assets and liabilities as of as the end of the first quarters of 2014 and 2013 respectively.

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

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

Financial Risk Management

Financial Risk Management Objectives and Policies

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

On August 12, 2012, the BOD created a Risk Oversight Committee which will be responsible for overseeing and managing risks that the Corporation may encounter. They will develop appropriate strategies and measures to avoid or at least minimize such risks, incorporating the Group's established risk management policies.

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

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

Credit Risk

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

Financial information on the Group's maximum exposure to credit risk as of the first quarter ending March 31, 2014 and as of December 31, 2013, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	03/31/14	12/31/13
Cash in banks	**P215,823,518**	P271,250,510
Receivables – net	**512,708,722**	433,543,257

Due from related parties	**171,798,623**	105,696,264
Venue rental and other deposits	**129,757,790**	121,157,733
Cash and performance bonds	**61,950,000**	144,312,513
	P1,092,038,653	P1,075,960,277

Cash in Banks/Short-term Investments
The management evaluates the financial condition of the banking industry and bank deposits/investments are maintained with reputable banks only.

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

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

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

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. As of March 31, 2014, there were no significant concentrations of credit risk.

Venue Rental and Other Deposits
The management prefers well known business establishments in the selection of location for bingo operations to ensure profitable operations and recovery of the venue rental and other deposits upon termination of the lease agreements.

Cash and Performance Bonds
The Group's exposure to credit risk is negligible as PAGCOR has sufficient funds to settle cash and performance bonds upon the expiration of the Grants.

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

The most significant amount of due from related parties of the Group is the advances to BLRI, which is an associate of the Parent Company.

Liquidity Risk

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

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

In addition, the Group has an omnibus line of credit with a number of Philippine banks consisting of commitments for short term loans, letters of credit, and documents against acceptances/documents against payment (DA/DP) facilities trust receipts. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates.

Market Risk

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

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

Change in Prices
The risk from price changes relates to the Group's ability to recover higher selling costs through price increases, which may be limited due to the regulated environment that exists in the Philippine gaming market and the willingness of players to purchase the same volume of bingo cards at higher prices. The Group's most significant exposure arises from increase in rental rates of leased premises in commercial establishments.

The Group minimizes its exposure to risks in changes in rental rates by entering into contracts with lessors with fixed rent commitment for the contract duration.

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

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

Fair Values

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

Cash and Cash Equivalents/Receivables/Due from Related Parties/Venue Rental and Other Deposits/Cash and Performance Bonds /Trade and Other Payables/Due to a Related Party/Rent Deposit
The carrying amounts of cash and cash equivalents, receivables, due from related parties, trade and other payables and due to a related party approximate their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of venue rental and other deposits, cash and performance bonds and rent deposit approximate their fair values, because the effective interest rate used for discounting approximates the current market rate of interest for similar transactions.

Investment in Other Shares of Stocks
The fair value of unquoted other shares of stocks approximates its cost, because there are no recent transactions involving these stocks.

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

Obligations Under Finance Lease
Obligations under finance lease are reported at their present values, which approximates the cash amounts that

would fully satisfy the obligations as at reporting date. These are classified as current liabilities when they become payable within a year.

Capital Management

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as of March 31, 2014 and 2013. The Group is not subject to externally-imposed capital requirements.

Adoption of New or Revised Standards, Amendment to Standards and Interpretations

The Group has adopted the following amendments to standards and interpretations starting January 1, 2013 and accordingly changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

- *Presentation of Items of Other Comprehensive Income (Amendments to PAS 1)*. The amendments: a) require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; b) do not change the existing option to present profit or loss and other comprehensive income in two statements; and c) change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.

As a result of the amendments to PAS 1, the Group has modified the presentation of items of other comprehensive income in its statements of profit or loss and other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to PAS 1 has no impact on the recognized assets, liabilities, and profit or loss and other comprehensive income of the Group.

- *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)*. These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are: a) offset in the statement of financial position; or b) subject to enforceable master netting arrangements or similar agreements. They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position.

- PFRS 10 *Consolidated Financial Statements.* PFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when: a) it is exposed or has rights to variable returns from its involvement with that investee; b) it has the ability to affect those returns through its power over that investee; and c) there is a link between power and returns. Control is re-assessed as facts and circumstances change. PFRS 10 supersedes PAS 27 (2008) *Consolidated and Separate Financial Statements* and Philippine Interpretation SIC-12 *Consolidation - Special Purpose Entities.*

The Group concluded that is has control over its subsidiaries and therefore has continuously consolidated its accounts, while the Group remains to account its associates using the equity method.

- PFRS 11 *Joint Arrangements*

PFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It: a) distinguishes joint arrangements between joint operations and joint ventures; and b) always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation. PFRS 11 supersedes PAS 31 *Interests in Joint Ventures* and Philippine Interpretation SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers.*

As a result of PFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under PFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in joint arrangement and has reclassified the investment from jointly controlled entity to joint venture. Notwithstanding the reclassification, the investment continues to be accounted for using the equity method. Accordingly, there has been no impact on the recognized assets, liabilities and comprehensive income of the Group.

- PFRS 12 *Disclosure of Interests in Other Entities.* PFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e., joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate: a) the nature of, and risks associated with, an entity's interests in other entities; and b) the effects of those interests on the entity's financial position, financial performance and cash flows.

As a result of PFRS 12, the Group assessed the disclosure requirements for interests in subsidiaries, interest in a joint venture and associates in comparison with the existing disclosures.

The Group considered the required disclosures on the nature and risks associated with the Group's interests in other entities, and the effects of those interests on the Group's financial statements. PFRS 12 had no significant impact on the disclosures of interest in joint venture.

- *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to PFRS 10, PFRS 11, and PFRS 12.* The amendments simplify the process of adopting PFRSs 10 and 11, and provide relief from the disclosures in respect of unconsolidated structured entities. Depending on the extent of comparative information provided in the financial statements, the amendments simplify the transition and provide additional relief from the disclosures that could have been onerous. The amendments limit the restatement of comparatives to the immediately preceding period; this applies to the full suite of standards. Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged. In addition, the date of initial application is now defined in PFRS 10 as the beginning of the annual reporting period in which the standard is applied for the first time. At this date, an entity tests whether there is a change in the consolidation conclusion for its investees.

- PFRS 13 *Fair Value Measurement.* PFRS 13 replaces the fair value measurement guidance contained in individual PFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other PFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

In accordance with the transitional provisions of PFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities (see Note 9).

- *Annual Improvements to PFRSs 2009 - 2011 Cycle -* various standards contain amendments to five standards with consequential amendments to other standards and interpretations. The following are the said improvements or amendments to PFRSs, none of which has a significant effect on the consolidated financial statements of the Group:

- PAS 1 *Presentation of Financial Statements* - Comparative Information beyond Minimum Requirements. This is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with PFRSs. For example, if an entity elects to present a third statement of comprehensive income, then this additional statement should be accompanied by all related notes, and all such additional information should be in accordance with PFRSs. However, the entity need not present other primary statements for that additional comparative period, such as a third statement of cash flows; or the notes related to these other primary statements.

- PAS 1 - Presentation of the Opening Statement of Financial Position and Related Notes. This is amended to clarify that: a) the opening statement of financial position is required only if: a change in accounting policy, a retrospective restatement, or a reclassification has a material effect upon the information in that statement of financial position; b) except for the disclosures required under PAS 8, notes related to the opening statement of financial position are no longer required; and c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented. This is regardless of whether an entity provides additional comparative information beyond the minimum comparative information requirements. The amendment explains that the requirements for the presentation of notes related to additional comparative information and those related to the opening statement of financial statements are different, because the underlying objectives are different.

- PAS 19, *Employee Benefits* (Amended 2011). The amended PAS 19 includes the following requirements: (a) actuarial gains and losses are recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which is currently allowed under PAS 19; and, (b) interest income on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

As a result of PAS 19 (Amended 2011), the Company has changed its accounting policy with respect to the elimination of the "corridor method" under which the recognition of actuarial gains and losses could be deferred. Instead, all actuarial gains and losses are recognized immediately in other comprehensive income.

Furthermore, the Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. Except as otherwise indicated, none of these is expected to have a significant effect on the consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to PAS 36, Impairment of Assets).*The amendments clarify that the recoverable amount disclosure only applies to impaired assets (or cash-generating unit) and require additional disclosures to be made on fair value measurement on impaired assets when the recoverable amount is based on fair value less costs of disposal. The amendments harmonize the disclosure requirement for fair value less costs of disposal and value in use when present value techniques are used to measure the recoverable amount of impaired assets. The adoption of the amendments is required to be applied retrospectively for annual periods beginning on or after January 1, 2014. The adoption of the amendments is not expected to have an effect on the consolidated financial statements.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32).* These amendments clarify that: a) An entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties b) Gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that: eliminate or result in insignificant credit and liquidity risk; and process receivables and payables in a single settlement process or cycle. These amendments are effective for annual periods beginning on or after January 1, 2014 and are to be applied retrospectively.

- *Defined Benefit Plans: Employee Contributions (Amendments to PAS 19).* The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments apply retrospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted.

To be Adopted (No definite date – originally January 01, 2015)

- PFRS 9 *Financial Instruments (2010),* PFRS 9 *Financial Instruments (2009)*

PFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under PFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. PFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of PFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

PFRS 9 (2010 and 2009) are effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

Discussion and Analysis of Material Events and Uncertainties Known to Management

The Management of LRWC and subsidiary is not aware of any material events/and uncertainties that would address the past and would have impact on future operations of the following:

1. Any trends, demands, commitments, events or uncertainties that will have a material impact on LRWC's liquidity;
2. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
3. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period
4. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;
5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations;
6. Any significant elements of income or loss that did not arise from LRWC continuing operations;
7. Any seasonal aspects that had a material effect on the financial condition and results of operations;

Plans for 2014

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

FCLRC's plan is to invite and qualify more licensed and operating locators within the year. Major capital expenditures shall mainly be pertaining to the development of the information technology (IT) and telecommunications facilities of CSEZFP and the development of Cagayan Business Park.

LRLDI plans to continue investing into the Lallo Airport Project of CPVDC for the following year in keeping with their commitment to support the development of CSEZFP.

BCGLC intends to intensify their marketing campaign to increase foot traffic in the casino as well as extend their operating hours.

ABLGI, as a result of the amendment of the agreement among LRWC, ABLGI, PLAI and Belle Corporation making way for the participation of a foreign partner in the casino project, will assist Belle Corporation in the funding of its own capital requirements in exchange for a share in the economic benefits to be derived by Belle and PLAI in the casino operation.

PIKI plans to attain more junket operators in Midas Casino to further improve its revenues.

LRWC through its investment in Hotel Enterprises of the Philippines, Inc. (HEPI), plans to strengthen and enhance the operations of Midas Hotel and Casino.

PART II – OTHER INFORMATION

There is no significant information that needs to be reported under this section not previously reported in a report on SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: **LEISURE & RESORTS WORLD CORPORATION**

Signature and Title: REYNALDO P. BANTUG, Chairman and President

Date: 05/16/2014

Signature and Title: RIZALITO S. OADES, SVP & Group CFO

Date: 05/16/2014

Signature and Title: DAISIREE GLYRA P. HORCA, Assistant Group Controller

Date: 05/16/2014

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

		31-Mar-14 (Unaudited)	31-Dec-13 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	Schedule 1	238,973,593	295,742,860
Receivables - net	Schedule 2	512,708,722	433,543,257
Bingo cards and supplies		22,485,590	9,846,951
Prepaid expenses and other current assets	Schedule 3	180,721,033	177,658,792
Due from related parties	Schedule 2	171,798,623	105,696,264
Total Current Assets		**1,126,687,561**	**1,022,488,124**
Noncurrent Assets			
Property and equipment - net	Schedule 4	296,918,709	315,419,047
Investment property - net	Schedule 5	299,830,116	299,830,116
Investments and advances - net	Schedule 6	6,608,725,790	6,574,862,884
Deferred tax assets		63,389,220	68,304,809
Goodwill - net		546,318,689	546,318,689
Other noncurrent assets	Schedule 7	409,718,016	364,603,045
Total Noncurrent Assets		**8,224,900,539**	**8,169,338,590**
TOTAL ASSETS		**9,351,588,100**	**9,191,826,714**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	Schedule 8	1,127,367,838	1,120,078,543
Short-term loans payable	Schedule 10	181,124,492	195,717,100
Current portion of long-term loans payable	Schedule 10	327,209,356	326,915,192
Current portion of obligations under finance lease		14,893,322	17,230,859
Income tax payable		59,235,308	30,089,109
Due to related parties	Schedule 9	9,092,159	19,198,696
Total Current Liabilities		**1,718,922,477**	**1,709,229,499**
Noncurrent Liabilities			
Long-term loans payable - net of current portion	Schedule 10	2,657,442,319	2,659,867,605
Obligations under finance lease - net of current portion		2,161,306	3,170,264
Rent deposit		4,421,800	4,421,800
Retirement benefits liability		66,313,186	78,719,272
Total Noncurrent Liabilities		**2,730,338,611**	**2,746,178,941**
Equity			
Common and Preferred Stock - P1 par value			
Authorized			
2,500,000,000 Common Shares			
2,500,000,000 Preferred Shares			
Issued			
Common shares		1,199,852,512	1,199,852,512
Preferred shares		1,650,000,000	1,650,000,000
Additional paid-in capital - common		1,114,028,555	1,114,028,555
Retained earnings		817,754,352	684,380,819
Employee benefit reserve		(27,297,446)	(27,297,446)
Foreign currency translation reserve		(366,993)	(171,038)
Treasury shares		(71,142,419)	(71,142,419)
		4,682,828,561	4,549,650,983
Non-controlling interest		219,498,452	186,767,291
Total Stockholders' Equity		**4,902,327,013**	**4,736,418,274**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**9,351,588,100**	**9,191,826,714**

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

	For the Three Months Ended March 31	
	2014	2013
REVENUES		
Traditional bingo	**396,612,037**	425,072,074
Electronic bingo - net	**561,582,212**	471,502,646
Rapid bingo - net	**79,641,697**	93,383,915
Participation income	**83,706,664**	0
Service and hosting fees	**309,194,135**	176,646,705
Pull tabs	**1,186,440**	979,130
	1,431,923,185	1,167,584,470
FRANCHISE FEES AND TAXES	**586,921,684**	483,307,949
NET REVENUES	**845,001,501**	712,772,791
COSTS AND OPERATING EXPENSES		
Payout	**313,511,304**	327,506,043
Rentals	**85,091,601**	83,076,242
Salaries & wages	**65,139,011**	52,475,243
Employees' benefit	**22,709,886**	25,945,011
Contracted services	**37,839,329**	42,963,367
Depreciation and amortization	**27,350,860**	29,773,642
Cards & supplies	**7,269,823**	5,198,437
Taxes & licenses	**10,777,217**	8,080,032
Communication & utilities	**50,505,597**	45,914,117
Others	**81,460,037**	32,364,486
	701,654,664	653,296,620
OPERATING INCOME	**143,346,837**	30,979,901
OTHER INCOME (EXPENSE)		
Equity in net earnings (loss) of an associate	**6,395,707**	(1,685,002)
Equity in net earnings (loss) of a joint venture	**18,419,199**	10,877,200
Finance expense - net	**(56,850,139)**	(8,950,308)
Other income	**56,110,145**	46,844,018
	24,074,911	47,085,908
INCOME BEFORE INCOME TAX	**167,421,748**	78,065,809
INCOME TAX EXPENSE (BENEFIT)	**34,048,215**	3,723,127
NET INCOME	**133,373,533**	74,342,682
Attributable to:		
Owners of the Parent Company	**100,642,372**	54,471,199
Non-controlling interest	**32,731,161**	19,871,483
	133,373,533	74,342,682
OTHER COMPREHENSIVE INCOME		
Foreign currency translation gain (loss)	**(366,993)**	16,796
TOTAL COMPREHENSIVE INCOME	**133,006,540**	74,359,478
Attributable to:		
Owners of the Parent Company	**100,275,379**	54,487,995
Non-controlling interest	**32,731,161**	19,871,483
	133,006,540	74,359,478
EARNINGS (LOSS) PER SHARE	**0.084**	0.054
EARNINGS PER SHARE IS COMPUTED AS FOLLOWS:		
a) Net Income	**100,275,379**	54,487,995
b) Weighted average number of common shares	**1,199,852,512**	999,877,094
c) EPS (a/b)	**0.084**	0.054

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

For the Three Months Ended March 31, 2014

	Capital Stock		Additional	Retained	Employee	Translation	Treasury	Minority	Total
	Common Shares	Preferred Shares	Paid-in Capital (Common)	Earnings	Benefit Reserve	Gain (Loss)	Shares	Interests	
Balance at beginning of period	**1,199,852,512**	**1,650,000,000**	**1,114,028,555**	**684,380,819**	**(27,297,446)**	**(171,038)**	**(71,142,419)**	**186,767,291**	**4,736,418,274**
Translation gain (loss) during the period						**(195,955)**			**(195,955)**
Minority interests								**32,731,161**	**32,731,161**
Net income for the period				**133,373,533**					**133,373,533**
Balance at end of the period	**1,199,852,512**	**1,650,000,000**	**1,114,028,555**	**817,754,352**	**(27,297,446)**	**(366,993)**	**(71,142,419)**	**219,498,452**	**4,902,327,013**

For the Three Months Ended March 31, 2013

	Capital Stock		Additional	Retained	Employee	Translation	Treasury	Minority	
	Common Shares	Preferred Shares	Paid-in Capital (Common)	Earnings	Benefit Reserve	Gain (Loss)	Shares	Interests	Total
Balance at beginning of period	999,877,094		1,114,028,555	721,460,608		67,398	(18,694,937)	165,513,352	2,982,252,070
Translation gain (loss) during the period						(50,602)			0
Minority interests								19,927,733	19,927,733
Net income for the period				54,471,200					54,471,200
Balance at end of the period	999,877,094	0	1,114,028,555	775,931,808	0	16,796	(18,694,937)	185,441,085	3,056,600,402

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
Unaudited

	For the Three Months Ended March 31	
	2014	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before franchise and taxes	**720,295,217**	537,779,149
Adjustments for:		
Depreciation	**27,350,860**	29,773,642
Equity in net loss (earnings) of an associate	**(6,395,707)**	1,685,002
Equity in net loss (earnings) of a joint venture	**(18,419,199)**	(10,877,200)
Finance income (expense) - net	**56,850,139**	8,947,855
Operating income before working capital changes	**779,681,310**	567,308,448
Decrease (increase) in:		
Receivables	**(79,165,464)**	(9,599,938)
Bingo cards	**(12,638,639)**	(5,838,395)
Prepaid expenses and other current assets	**(3,062,241)**	(30,276,432)
Increase (decrease) in:		
Trade and other payables	**7,289,295**	61,649,434
Income tax payable	**29,146,199**	6,527,927
Rent deposit	**0**	(310,000)
Retirement benefits liability	**(12,406,086)**	2,235,789
Cash generated from operations	**708,844,375**	591,696,833
Finance income (expense) - net	**(56,850,139)**	(8,947,855)
Franchise fees and taxes paid	**(586,921,684)**	(483,307,949)
Net cash from operating activities	**65,072,552**	99,441,029
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal (Acquisition) of property and equipment - net	**(8,850,522)**	(28,198,263)
Disposal (Acquisition) of investment property - net	**(4,253,690)**	1,973,427
Decrease (increase) in investments and advances	**(9,048,000)**	(101,661,019)
Decrease (increase) in deferred tax assets	**4,915,589**	(64,050,229)
Decrease (increase) in other assets	**(40,861,281)**	(11,951,392)
Net cash used in investing activities	**(58,097,904)**	(203,887,476)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment (payment) of loans - net	**(16,723,730)**	58,789,979
Availment (payment) of obligations under finance lease - net	**(3,346,495)**	(232,836)
Decrease (increase) in receivables from related parties	**(66,102,359)**	(50,602)
Increase (decrease) in payable to related parties	**(10,106,537)**	0
Translation gain/loss	**(195,955)**	0
Increase (decrease) in minority interests	**32,731,161**	19,927,733
Net cash provided (used) in financing activities	**(63,743,915)**	78,434,274
NET INCREASE (DECREASE) IN CASH	**(56,769,267)**	(26,012,173)
CASH AT BEGINNING OF PERIOD	**295,742,860**	191,066,141
CASH AT END OF PERIOD -	**238,973,593**	165,053,968

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Unaudited Consolidated Financial Statements
As of March 31, 2014

Schedule 1 - Cash and Cash Equivalents

Cash in banks	215,823,518
Cash on hand and payout fund	23,150,075
	238,973,593

Schedule 3 - Prepaid Expenses and Other Current Assets

Prepayments	20,898,136
Advances to contractors	149,628,925
Creditable withholding tax	861,808
Supplies	204,701
Input VAT	8,582,935
Others	544,529
	180,721,033

Schedule 4 - Property and Equipment

Leasehold Improvements	394,169,792
Production equipment and paraphernalia	88,937,772
Office furniture, fixtures and equipment	158,788,482
Telecommunication equipment	2,241,502
Condominium unit	4,791,748
Transportation equipment	154,372,197
	803,301,493
Less: Accumulated depreciation	(506,382,784)
	296,918,709

Schedule 5 - Investment Properties

Land Rights	186,078,447
Land Improvements	46,000,000
Building	93,523,288
Construction in progress	227,903
	325,829,638
Less: Accumulated depreciation	(25,999,522)
	299,830,116

Schedule 6 - Investment and Advances

Associates:	
Cost	
Binondo Leisure Resources, Inc. (BLRI) - 30%	21,200,000
Techzone Philippines, Inc. (TPI) - 50%	250,000,000
Hotel Enterprises of the Philippines (HEPI) - 51%	750,938,000
	1,022,138,000
Accumulated equity in net income (loss) of an associate and joint venture:	
Balance at beginning of year	
BLRI	(26,303,101)
TPI	42,582,066
HEPI	(11,201,484)
Net equity in earnings (losses) for the quarter	
BLRI	0
TPI	(80,079)
HEPI	6,475,785
Balance at end of year	

BLRI	(26,303,101)
TPI	42,501,987
HEPI	(4,725,698)
	11,473,188
	1,033,611,188
Joint venture:	
Cost	
First Cagayan Converge Data Center Inc. (FCCDCI) -60%	15,000,000
Accumulated equity in net income (loss)	
Balance at beginning of year	122,636,332
Net equity in earnings (losses) for the quarter	18,419,199
Balance at end of year	141,055,531
	156,055,531
Advances	
Cagayan Premium Ventures Development Corporation (CPVDC)	695,271,702
Hotel Enterprises of the Philippines (HEPI)	233,206,000
Binondo Leisure Resources, Inc. (BLRI)	130,713,120
Cagayan Land Property Development Corporation (CLPDC)	126,202,857
DFNN, Inc. (DFNN)	86,731,000
First Cagayan Converge Data Center Inc. (FCCDCI)	14,047,373
AB Fiber	31,744,665
Eco Leisure	26,136,049
Belle Corporation	4,114,249,805
	5,458,302,571
Allowance for Impairment loss on advances	(40,000,000)
	5,418,302,571
Total	6,607,969,290
Other investments - at cost	756,500
	6,608,725,790

Schedule 7 - Other Assets

Airstrip improvements - net of amortization	58,552,849
Venue rental deposits and other deposits	129,757,790
Cash and performance bonds	61,950,000
Operating licenses	4,253,690
Others	155,203,687
	409,718,016

Schedule 8 - Trade and Other Payables

Trade	21,575,000
Regulatory fees	353,184,308
Venue rentals	29,775,713
Bingo cards	4,027,895
Capital expenditure	4,799,636
Unearned hosting fees	111,498,636
Other payables and accruals (arising from normal business operations)	602,506,651
	1,127,367,838

Schedule 9 - Due to Related Party

Longview Holdings Corporation	9,070,691
Stockholders	21,468
	9,092,159

Schedule 10 - Short-term and Long-term Loans Payable

Short-term Loans Payable	
PBCom	16,958,149
BDO	1,166,343
PBB	163,000,000
Total Short-term	**181,124,492**
Long-term Loans Payable	
Current Portion	
BDO	327,209,356
Noncurrent Portion	
BDO	2,657,442,318
Total Long-term	**2,984,651,675**

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Unaudited Consolidated Financial Statements
Schedule 2 - Receivables
As of March 31, 2014

1) Aging of Accounts Receivables

	TOTAL	1-3 Months	4-6 Months	7 months to 1 year	1 year and above	Past due accounts and items in litigation
Type of Accounts Receivable						
a) Trade Receivables						
1) Rent Receivable	25,767,439	11,019,735	10,462,432	4,285,272	0	
2) Receivables from Locators	164,426,883	157,405,996	0	0	7,020,887	
Net Trade Receivables	**190,194,322**	**168,425,731**	**10,462,432**	**4,285,272**	**7,020,887**	**0**
b) Non-Trade Receivables						
1) Advances to non-consolidated affiliates						
2) Advances to employees	18,552,542	17,927,542	0	0	625,000	
3) Others	343,249,273	207,529,746	23,550	56,180	135,639,797	
	361,801,815	**225,457,288**	**23,550**	**56,180**	**136,264,797**	**0**
Allowance for impairment	(39,287,416)					
Net Non-Trade Receivables	**322,514,399**					
Net Receivables	**512,708,721**					
c) Receivables from Related Parties						
1) First Cagayan Converge Data Center Inc.	754,286	0	0	0	754,286	
2) Binondo Leisure Resources, Inc.	126,594,157	35,684,027	1,000,492	0	89,909,638	
3) Advances to Stockholders	44,450,180	44,450,180	0	0	0	
Total Receivables from Related Parties	**171,798,623**					

2) Accounts Receivable Description

Types of Receivable	*Nature and Description*	*Collection Period*
a) Advances to non-consolidated affiliates	sale of bingo cards, promotional materials and other services	six (6) months to one (1) year
b) Advances to employees	company loan and other advances granted to employees	six (6) months to one (1) year
c) Advances to Related Parties - FCCDCI	rental of property in Cagayan Business Park	six (6) months to one (1) year
d) Advances to Related Parties - BLRI	rental and advances	six (6) months to one (1) year
e) Others	various advances and receivables	one (1) year

3) Normal Operating Cycle: 365 days

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Financial Soundness Indicators
As of March 31, 2014

Key Performance Indicator	Formula	2014		2013	
Current Ratio	*Current Assets* / *Current Liabilities*	1,126,687,560 / 1,718,922,477	**65.5%**	1,022,488,124 / 1,709,229,499	59.8%
Debt to Equity Ratio	*Total Liabilities* / *Stockholders' Equity*	4,449,261,087 / 4,902,327,013	**90.8%**	4,455,408,440 / 4,736,418,274	94.1%
Asset to Equity Ratio	*Total Assets* / *Stockholders' Equity*	9,351,588,099 / 4,902,327,013	**190.8%**	9,191,826,714 / 4,736,418,274	194.1%
Rate of Payout to Net Revenues	*Payout* / *Net Revenues*	313,511,304 / 845,001,501	**37.1%**	327,506,043 / 684,276,521	47.9%
Return on Average Equity	*Net Income* / *Average Stockholders' Equity*	100,642,372 / 4,819,372,643	**2.1%**	54,471,199 / 3,019,426,235	1.8%
Return on Average Assets	*Net Income* / *Average Total Assets*	100,642,372 / 9,271,707,407	**1.1%**	54,471,199 / 4,025,552,957	1.4%
Solvency Ratio	*Net Income + Depreciation* / *Total Liabilities*	127,993,232 / 4,449,261,087	**2.9%**	84,244,841 / 1,070,456,869	7.9%
Interest Coverage Ratio	*Income Before Interest & Tax* / *Interest Expense*	191,540,726 / 56,850,139	**3.37**	67,144,634 8,950,308	7.50
Net Book Value Per Share	*Stockholders' Equity* / *Weighted Average Shares Outstanding*	4,902,327,013 / 1,199,852,512	**4.09**	4,736,418,274 / 1,066,535,567	4.44
Earnings Per Share	*Net Income* / *Weighted Average Shares Outstanding*	100,642,372 / 1,199,852,512	**0.08**	54,471,199 / 999,877,094	0.05

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Segment Information
As of March 31, 2014

The Group operates in three reportable business segment: (1) professional bingo gaming, (2) interactive games licensing, and (3) participation income, and only one reportable geographical segment which is the Philippines.

Professional bingo gaming provides amusements and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games. Interactive games licensing engages in developing a network operation/hub with an internet server including web sites, gaming software, application program, administrative software, hardware, internet, as well as telecommunications connections, collection and payment system and toll free telephone operations, all in connection with the development, operation and conduct of an internet and gaming enterprises and facilities; and regulates and monitors on behalf of CEZA all activities pertaining to the licensing and operation of interactive games. Participation income is the share of ABLGI in the economic benefits to be derived by Belle and PLAI from the casino operations, particularly 30% of the fixed yearly income generated from the leasing of all commercial spaces in the Casino Project, inclusive of the hotel, retail and casino premises.

Analysis of financial information by business segment as of March 31 follows:

	Professional Bingo Gaming	Interactive Games Licensing	Participation Income	Others	Eliminations	Consolidated
For the Three Months Ended March 31, 2014						
Net revenues						
External revenue	1,039,022,386	309,194,135	83,706,664	0	0	**1,431,923,185**
Results						
Segment results	13,149,533	104,989,787	67,882,305			**186,021,625**
Unallocated corporate expenses				(42,674,789)	0	**(42,674,789)**
Results from operating activities						**143,346,837**
Finance expense - net	(2,975,138)	(10,289,253)	(43,574,788)	(10,961)	0	**(56,850,139)**
Rent/other income	31,470,167	13,963,545	0	10,676,433	0	**56,110,145**
Equity in net earnings of a joint venture	0	18,419,199	0	0	0	**18,419,199**
Equity in net earnings of an associate	0	0	0	6,395,707	0	**6,395,707**
Income taxes	(18,611,529)	(8,336,395)	(7,004,754)	(95,537)	0	**(34,048,215)**
Foreign currency translation gain						**0**
Non-controlling interest	3,272,894	(36,004,055)	0	0	0	**(32,731,161)**
Net income						**100,642,372**
As of March 31, 2014						
Other Information						
Segment assets	1,479,125,668	1,854,227,876	4,528,020,330		(4,674,556,210)	**3,186,817,664**
Investments at cost	756,500					**756,500**
Unallocated corporate assets				6,164,013,935		**6,164,013,935**
Total assets						**9,351,588,099**
Segment liabilities	1,037,617,017	1,012,453,995	3,092,737,657		(2,424,792,285)	**2,718,016,384**
Unallocated corporate liabilities				1,731,244,703		**1,731,244,703**
Total liabilities						**4,449,261,087**
Capital expenditures	3,156,145	2,270,734	0	3,423,643		**8,850,522**
Depreciation and amortization	20,443,312	4,880,095	0	2,027,453	0	**27,350,860**

There were no intersegment sales recognized between the two reportable segments for the three months ended March 31, 2013. Unallocated corporate expenses consist of net operating expenses of the Parent Company. Assets of the individual segments mainly comprise investments and advances, due from related parties, property and equipment, and trade receivables. Liabilities of the individual segments include loans payable, trade and other payables, retirement obligation, and due to a related party. Capital expenditures on noncurrent assets represent additions to property and equipment and investment property. Noncash expenses pertain to depreciation and amortization expense attributable to the two reportable segments.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Notes to Interim Consolidated Financial Statements
As of March 31, 2014

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

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

3. Currently the operations of LRWC is very minimal and functions as a holding company. However, its Subsidiaries, AB Leisure Exponent, Inc. (ABLE), engaged in bingo operations, and First Cagayan Leisure and Resort Corporation (FCLRC), engaged in licensing and regulation of online gaming, are operating on a daily basis including Sundays and Holidays, except on Maundy Thursday and Good Friday. Both businesses are not seasonal in nature. Another subsidiary, LR Land Developers, Inc. (LRLDI), is engaged in realty estate acquisition, development and tourism. AB Leisure Global Inc. (ABLGI) started to receive its participation income from Belle's share in the casino project in 2013. Blue Chip Gaming and Leisure Corporation (BCGLC), a newly acquired subsidiary in May 2011, 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). On March 15, 2010, LRWC incorporated Bingo Bonanza Limited (BBL), as its 60%-owned subsidiary. Its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property. BBL was incorporated under the Companies Ordinance of Hongkong.

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

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

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

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

8. On July 26, 2013, the BOD approved the declaration of cash dividend equivalent to P 0.04 per share payable to all common stockholders of record as of September 28, 2013, and another cash dividend of P0.04 per share payable to all common stockholders of record as of February 28, 2014.

9. LRWC's primary purpose is to engage in realty development focusing on leisure business. However, as mentioned in note 3, for several years it had minimal operation and functioned as a holding company. On the other hand, its five Subsidiaries, ABLE, a professional in bingo gaming in the Philippines, operates seventy three (73) bingo parlors nationwide, most of which are located in major shopping malls in Metro Manila and in key provincial cities, FCLRC, a master licensor and regulator of online gaming operating in Cagayan Economic Zone Authority (CEZA), LRLDI, owner of property being leased by locators in Cagayan Business Park, BCGLC, operator of slot arcade in Bacolor, Pampanga, under a license issued by PAGCOR and BBL, engage in the business of gaming, recreation, leisure and lease of property in Hongkong.

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

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

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

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