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)

1 7 - 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 June 30, 2016

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)

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

   (02) 687-0370; 637-5292 to 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/NA
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 as a holding company with minimal operations. The Company is focusing its endeavor in supporting the productivity programs of its subsidiaries as grouped in the following segments: **RETAIL** (1) AB Leisure Exponent, Inc. (ABLE – 100% owned), (2) Total Gamezone Xtreme, Inc. (TGXI – 100% owned); **CASINO** (3) Prime Investment Korea, Inc. (PIKI – 100% owned), (4) Blue Chip Gaming and Leisure Corporation (BCGLC – 100% owned); **ONLINE** (5) First Cagayan Leisure and Resort Corporation (FCLRC – 69.68% owned); and **PROPERTY** (6) AB Leisure Global, Inc. (ABLGI – 100% owned); (7) LR Land Developers, Inc. (LRLDI – 100% 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 second quarter of 2016.

LRWC's total operating expenses amounted to ₱89.0 million and ₱57.4 million during the second quarter of 2016 and 2015, respectively. As the Company's aim is to enable shared services functions that will provide consistent managerial and administrative services to all of its subsidiaries including marketing programs, continuous organizational changes are being made causing personnel cost to increase during the year driving operating expenses on a YTD basis to ₱176.4 million from ₱92.3 million of the same period last year. Other income/charges as of June 30, 2016 amounting to ₱10.6 million pertains to LRWC's equity share in a joint venture partially offset by interest expense on loans.

LRWC recorded its 51% share in the net results of Hotel Enterprises of the Philippines, Inc. (HEPI) beginning the third quarter of 2013. For the second quarter of 2016, LRWC's share in HEPI's net income amounted to ₱17.2 million or a growth of ₱5.3M as compared to last year's quarter share of ₱11.9 million. However, YTD share is still lower by ₱8.9 million as compared to same period last year due to Q1 decline.

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

ABLE Operations
Second Quarter 2016 vs. Second Quarter 2015

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 and its subsidiaries 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 ₱1,881.7 million for the second quarter of 2016, a significant improvement from the ₱1,468.6 million revenues for the same period last year. The increase is attributable to the revenue growth of all of its products: (1) Electronic Bingo (E-Bingo) by ₱378.9 million or 46.4%, (2) Traditional Bingo by ₱17.6 million or 3.0%, (3) Rapid Bingo by ₱5.8 million or 8.6%, and (4) other bingo games by ₱3.3 million.

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. The continuing expansion through acquisition and opening of new bingo outlets also contributed to E-bingo's growth. For the second quarter of 2016, E-Bingo sales represented 63.5% of ABLE's total revenues or ₱1,194.8 million as compared to the 55.3% contribution amounting to ₱815.9 million during the same period last year. As of June 30, 2016, there were a total of 9,513 E-Bingo machines in 134 bingo parlors as compared to 7,580 E-Bingo machines in 108 bingo parlors as of June 30, 2015.

On the other hand, revenues from Traditional Bingo grew by ₱17.6 million or 3.0% from ₱590.7 million of last year's second quarter to ₱608.2 million this quarter.

During the second quarter of 2016, sales from Rapid bingo contributed ₱72.8 million or 3.9% of total revenues as compared to ₱67.0 million or 4.5% contribution to total revenues for the same period last year. By the end of June 30, 2016, there were a total of 128 Rapid bingo terminals in 121 bingo parlors as compared to 83 Rapid bingo terminals in 75 bingo parlors for the second quarter of last year.

Overall, all products grew during the quarter resulting to the significant increase in total Revenues by ₱405.5 million or 27.5%.

Expenses

ABLE's consolidated costs and operating expenses for the second quarter of 2016 amounting to ₱1,705.0 million increased by ₱345.8 million or 25.4% from ₱1,359.2 million in the second quarter of 2015. The relative growth of revenues resulted to corresponding increase in Franchise fees and taxes and Payouts amounting to ₱236.0 million and ₱13.1 million respectively. The opening of several new bingo parlors also resulted to higher operating costs such as: (1) Depreciation by ₱25.0 million; (2) Contracted services by ₱12.7 million; (3) Rent and Utilities by ₱18.8 million; and Others, mainly consisting of pre-operating expenses and taxes, by ₱30.5 million. The resulting expense from "Other Income (Charges)" account for the quarter amounting to ₱3.6 million is mainly attributable to interest expense payments for bank borrowings.

Corporate Income Tax

Effective November 01, 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.

On April 17, 2013, the applicability of RMC No. 33-2013 was clarified by PAGCOR in a Memorandum dated July 09, 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 third 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, starting the second quarter of 2013, ABLE has stopped paying the 5% Franchise Tax to PAGCOR and began recognizing provisions for income tax instead.

For the second quarter of 2016, provision for income tax amounted to ₱51.5 million.

Net Income

ABLE's posted consolidated net income (net of minority share) more than doubled to ₱121.6 million for the second quarter of 2016 from same period last year of ₱77.5. The improvement in net income is a result of the increase in revenues slightly offset by corresponding increase in costs and operating expenses.

TGXI Operations
Second Quarter 2016 vs. Second Quarter 2015

On July 21, 2014, Leisure and Resorts World Corporation (LRWC) entered into an Asset and Share Purchase Agreement with Premiere Horizon Alliance Corporation (PHAC) to purchase the latter's 100% stake in Total Gamezone Xtreme, Inc. (TGXI), the assignee and purchaser of the assets, rights and interests of Digiwave Solutions, Inc. (DSI), the operator and licensee of Philippine Amusement and Gaming Corporation (PAGCOR) e-games stations.

To date, LRWC is the registered owner to One Hundred Percent (100%) of TGXI's outstanding capital stock.

TGXI generated ₱74.6 million or a slight growth of ₱2.6 million or 3.6% in the second quarter of 2016 representing its share in revenues from the management and operation of the PAGCOR e-games stations (PeGS). Total operating expenses remained at the same level as last year's second quarter amounting to ₱70.8 million which mainly consists of: (1) People expenses including contracted services of ₱28.0 million; (2) Rentals and utilities of ₱24.4 million; (3) Depreciation of ₱9.2 million; and (4) Other expenses of ₱9.1 million.

For the second quarter of 2016, net income registered a growth of at ₱1.8 from ₱0.08 million to ₱2.6 million.

FCLRC Operations
Second Quarter 2016 vs. Second Quarter 2015

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, sportsbook; 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 ₱476.5 million gross revenues for the second quarter of 2016, representing an ₱80.1 million or 20.2% increase from last year's second quarter of ₱396.4 million. The improvement in revenues is mainly due to the increase in the number of operational locators – 116 for this year as against 99 last year as well as the net increase in locators' revenues. Hosting fees from restrictive and interactive gaming locators contributed ₱428.6 million or 90% of total revenues, while license application and renewal fees accounted for P48.0 million or 10%. Hosting fees of ₱356.6 million during the second quarter of 2015 increased by ₱ 2 million or 20.2% while license application fees increased by ₱8.2 million or 20.6% from ₱39.8 million during the same period.

FCLRC posted a net income of ₱218.3 million for the second quarter of 2016, an ₱18.7 million or 9.4% increase versus last year's ₱199.6 million. Total cost and operating expenses of ₱85.3 million increased by ₱39.8 million or 87.3% from last year's ₱45.5 million. The increase is mainly due to Maintenance and Operating costs of a newly operated aircraft. The resulting income in "Other Income (Charges)" account of ₱54.4 million or an increase of ₱15.6 million from last year's ₱38.8 million was mainly due to the following: (1) growth in other income derived from the rental of gaming facility; and (2) increase in equity in net earnings of First Cagayan Converge Data Center, Inc. (FCCDCI) partially offset by increase in interest expense due to new loans availed late last year.

First Cagayan Converge Data Center, Inc. (FCCDCI), a 60% owned subsidiary of FCLRC, posted a net income of ₱46.1 million and ₱30.0 million during the second quarters of 2016 and 2015, respectively, a ₱16.1 million or 53.6% improvement due to higher posted revenues partially offset by an increase in direct costs and operating expenses.

PIKI Operations
Second Quarter 2016 vs. Second Quarter 2015

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 second quarter of 2016, net income of PIKI declined by ₱8.5 million or 56.8% from ₱15.0 million to ₱6.5 million. This is mainly due to lower net revenues during the quarter of ₱95.8 million as compared to ₱132.4 million of the same period last year partially offset by a decrease operating expenses of ₱24.4 million from ₱111.0 million to ₱86.5 million due to lower marketing expenses during the year.

BCGLC Operations
Second Quarter 2016 vs. Second Quarter 2015

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).

On 24 July 2015, BCGLC incorporated a subsidiary, Gold Coast Leisure World Corp. (GCLWC) with authorized capital stock of Fifteen Million Pesos (₱15,000,000.00) divided into One Hundred Fifty Thousand shares (150,000) with par value of ₱100.00, of which Three Million Seven Hundred Fifty Thousand Pesos (₱3,750,000.00) has been subscribed. GCLWC was incorporated to comply with Section 18, Chapter III of the Implementing Rules and Regulations of Republic Act No. 7227. GCLWC is on the process of acquiring an Enterprise Registration with the Subic Bay Metropolitan Authority.

On 17 December 2015 BCGLC received a letter from Philippine Amusement and Gaming Corporation (PAGCOR), informing that PAGCOR's its Board of Directors approved and confirmed the assignment in favor of BCGLC of the Contracts of Lease over four (4) PAGCOR VIP Clubs at (1) Venezia at Subic Bay Freeport Zone, Subic Zambales with Palmgold International Limited; (2) Pan Pacific, Malate Manila with Pacific Palm Corporation; (3) Paseo Premier Hotel, Sta. Rosa Laguna with Pacific Palm Corporation; and (4) Apo View Hotel, Davao City with Pacific Palm Corporation.

On 01 December 2015, LRWC purchased the remaining 30% or 11,250 shares from BCGLC's minority stockholders bringing its total ownership to 100%.

On 18 January 2016, BCGLC assigned the VIP Club at Venezia at Subic Bay Freeport Zone to its subsidiary, GCLWC.

On 28 January 2016, the Amended Contracts of Lease of three (3) VIP Clubs, namely Pan Pacific, Paseo Premier Hotel and Apo View Hotel were executed under the name of BCGLC, while the other VIP Club, Venezia at Subic Bay Freeport Zone was under the name of GCLWC.

Due to these developments, for the quarter ended June 30, 2016, consolidated BCGLC gross revenues grew to ₱90.0 million from ₱19.5 million last year. Operating expenses likewise increased to ₱56.7 million from ₱6.6 million for the same period last year. This resulted to a net income of ₱12.6 million for the quarter, a growth from last year's meager second quarter net income of ₱2.2 million.

ABLGI Operations
Second Quarter 2016 vs. Second Quarter 2015

On January 14, 2011, LRWC and the ABLGI entered into several agreements (the "ABLGI Agreements") with Belle Corporation (Belle) and Premium Leisure and Amusement, Inc. (PLAI) for the leasing, fit out, and operation of an integrated casino development project to be located at Aseana Business Park, Paranaque City (the "Project").

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, which was granted a Provisional License by PAGCOR to establish and operate a casino to be located within the Manila Bay Reclamation Area.

On March 20, 2013, the Company, LRWC, Belle, Belle Grande Resource Holdings, Inc. ("BGRHC"), and PLAI entered into a Memorandum of Agreement ("ABLGI MOA") effectively terminating its ABLGI Agreements. In consideration for the waiver of the Company's rights under the ABGLI Agreements, Belle and PLAI have agreed to pay the Company, among others, an amount equivalent to the 30% interest in the net lease income of the Project and the 30% share in the gaming revenue derived therefrom. These are to be paid to the Company upon actual receipt by Belle and PLAI of the lease income and gaming revenue from the Project.

ABLGI began recognizing share in gaming revenue in December 2014 when gaming operations began.

In December 2014, the ABLGI MOA was amended to operationalize the terms and conditions of ABLGI's advances to BGHRC as funding to the project and provided that such shall be treated as a loan payable in annual installments commencing on the fifth anniversary of the transfer date. As such, the difference between the 30% share in the net lease income of the Project and the principal and interest payments on the ABLGI advance will be considered as the annual compensation fee.

For the second quarter of 2016, ABLGI recognized share in gaming revenue of ₱52.9 million, an increase of ₱35.9 million or 211.2% from same period last year of ₱17.0 million. Share in net lease income also increased to ₱33.6 million representing interest income and compensation fee for the second quarter. On the other hand, interest expense attributable to long-term borrowings to finance contribution to Belle Corporation incurred during the second quarter of 2016 increased to ₱52.2 million from the same period last year of 36.7 million due to the additional loan availed in December for Belle's additional capital call. Operating expenses during the quarter remained on same level as last year's second quarter.

With the higher share in lease income during the quarter, net income likewise increased to ₱69.0 million against the ₱17.9 million net income for the same quarter in 2015.

LRLDI Operations
Second Quarter 2016 vs. Second Quarter 2015

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 second quarter of 2016, LRLDI's net income of ₱2.7 million was lower than last year's ₱4.7 million due to the decline of its associate's (Techzone Philippines, Inc.) second quarter performance. Income from operations remained relatively the same as same period last year.

ABLE Operations
YTD - June 30, 2016 vs. June 30, 2015

Revenues

ABLE's total year-to-date revenues as of the second quarter of 2015 amounted to ₱3,592.2 million, an increase of ₱786.8 million or 28.0% from the ₱2,805.3 million total revenues for the same period last year. The increase in revenues was mainly due to the increase in revenues generated from all of its products: (1) Electronic Bingo (E-Bingo) by ₱668.9 million or 42.3%, (2) Traditional Bingo by ₱96.7 million or 8.9%, (3) Rapid Bingo by ₱13.8 million or 10.6% and (4) Pull tabs and others by ₱7.5 million.

Although Traditional Bingo is no longer the company's principal product-line, it contributed ₱1,187.6 million or 33.1% to total revenues.

The Electronic Bingo as of the second quarter of 2016, at ₱2,249.9 million or 62.6% contribution to revenues, continue to grow from the time it was first launched mid-2002 with twenty (20) machines.

Rapid Bingo as of the second quarter of 2016 contributed ₱144.3 million or 4.0% to total revenues.

As of the second quarter ending June 30, 2016, Pull Tabs contributed ₱7.9 million as compared to ₱ 2.9 million for the same period last year.

Expenses

ABLE's total operating expenses as of June 30, 2016, amounted to ₱3,264.8 million, reflecting an increase of ₱630.8 million or 18.5% from ₱2,634.1 million for the same period in 2015. In general, the increase is mainly attributable to additional sites acquired and new sites constructed during the period: (1) Rentals and communication by ₱53.1 million or 17.6%, (2) Contracted services by ₱26.5 million or 33.7%, (3) Depreciation by ₱46.3 million 93.8%, and (4) Taxes and licenses by ₱11.3 million or 47.6%.

Net Income

As of June 30, 2016, ABLE posted a net income (net of minority share) of ₱215.2 million, a ₱95.3 million or 79.5% increase from the ₱119.9 million net income for the same period last year.

TGXI Operations
YTD - June 30, 2016 vs. June 30, 2015

For first half of the year, TGXI generated ₱146.2 million representing its share in revenues from the management and operation of the PAGCOR e-games stations (PeGS). Total operating expenses aggregated to ₱140.5 million which mainly consisted of: (1) People expenses including contracted services of ₱54.0 million; (2) Rentals and utilities of ₱46.6 million; (3) Marketing expenses of ₱6.5 million; and (4) Depreciation of ₱18.2 million.

Net income registered a slight growth at ₱3.9 million for the first half of 2016 from ₱3.0 milliom million of the same period last year.

FCLRC Operations
YTD - June 30, 2016 vs. June 30, 2015

FCLRC's gross revenues for the first six months of 2016 was ₱934.1 million, an increase of ₱171.5 million or 22.5% from last year's figures of ₱762.6 million.

Net Income

FCLRC posted a net income of ₱474.3 million as of the second quarter of 2016, a ₱110.3 million or 30.3% increase versus last year's ₱364.0 million.

Total costs and operating expenses of ₱140.1 million increased by ₱37.1 million or 36.0% from last year's figure of ₱103.0 million. The increase is mainly due to increase in administrative salaries and benefits, rentals and utilities, and professional fees. The resulting net income in the "Other Income/(Expense)" account of ₱127.6 million or an increase of ₱57.5 million or 82.0% from last year's ₱70.1 million was mainly due to the following increases: (1) Other income derived from the rental of gaming facility and (2) equity in net earnings of First Cagayan Converge Data Center, Inc. (FCCDCI). These increases were partly offset by the following: (1) decrease in finance income and (2) increase in finance expense.

PIKI Operations
YTD – June 30, 2016 vs. June 30, 2015

For first half of the year, PIKI generated ₱487.9 million gross revenues from its gaming operations and netted out a ₱15.2 million income after direct franchise fees and taxes, rentals and other minor expenses, or a decline of ₱12.3 million or 44.7% from same period last year of ₱27.5 million.

BCGLC Operations
YTD – June 30, 2016 vs. June 30, 2015

BCGLC generated gross revenues from slot machines totaling ₱159.5 million for the first half of 2016. The significant growth was due to the four new sites acquired during 2015. Total operating expenses likewise increased from ₱17.2 million to ₱104.2 million. For the period ended June 30, 2016, BCGLC reported a net income of ₱19.4 million.

ABLGI Operations
YTD – June 30, 2016 vs. June 30 2015

Net income for the first half 2016 registered ₱114.8 million which is significantly higher than last year's ₱33.4 million principally due to last year's lower share in lease revenue because of the abatements requested by the operator for the delayed opening partially offset by share in gaming revenue recognized during the period. Interest expense for the period is likewise higher than same period last year due to an additional loan availed last Dec.

LRLDI Operations
YTD – June 30, 2016 vs. June 30, 2015

LRLDI posted a decline in net income to ₱6.5 million in 2016 from ₱47.2 million in 2015 primarily due to the current year's significantly lower equity share in the net earnings of Techzone Philippines, Inc.

Total 2016 operating expenses amounted to ₱5.0 million as compared to last year's ₱4.3 million.

LRWC Consolidated Net Income

As a result of the foregoing developments, LRWC posted a consolidated net income (net of minority share) during the first half of 2016 amounting to ₱600.3 million or a 32.3% growth from last year's first half consolidated net income of ₱453.8 million. The growth of ₱146.5 million is mainly due to the significant increases in net income of ABLE from continuous expansion programs, BCGLC from four newly acquired sites, FCLRC from growing revenue of locators, and ABLGI as last year's revenue were reduced by abatements.

Financial Condition – June 30, 2016 vs. December 31, 2015

On a consolidated basis, the Balance Sheet of Leisure & Resorts World Corporation (LRWC) and its subsidiaries – ABLE, TGXI, PIKI, BCGLC, FCLRC, ABLGI, and LRLDI – continue to improve. Total assets as of June 30, 2016 amounted to ₱14.1 billion, a growth of ₱480.6 million or 3.5% as compared to last year's balance of ₱13.6 billion. Significant increases in assets: (1) Receivables – net by ₱58.6 million mainly attributable to developing revenues of relatively new business and the growing existing businesses; (2) Cards, supplies and other inventories – ₱29.6 million largely due to increased cards to support the growing businesses; (3) Prepaid expenses and other current assets by ₱97.2 million for CWT and VAT during the period; (4) Property and equipment – net by ₱129.7 million mainly due to continuing expansion of gaming sites network; (5) Investments and advances – net by ₱82.4 million attributable to equity share in net income of associates and joint ventures; and (6) Other assets by ₱84.4 million for refundable deposits of new sites and businesses.

Total Liabilities decreased by ₱197.3 million mainly due to ₱299.5 loans settlement partly offset by increase in Trade and other payables of ₱107.1 million.

Cash Flows – Six Months Ended June 30, 2016 vs. June 30, 2015

Cash balance as of June 30, 2016 of ₱255.7 million decreased during the period since cash generated from operations were largely used to cover loan amortizations and business expansion.

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 half of 2016 and 2015 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 half ending June 30, 2016 and as of December 31, 2015, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	06/30/16	12/31/15
Cash in banks	**P 164,567,195**	P 271,273,790
Receivables – net	**836,624,680**	778,033,823
Due from related parties	**18,835,517**	18,835,517
Venue rental and other deposits	**451,252,680**	301,548,039
Guarantee deposits and betting credit funds	**10,800,000**	10,800,000
Cash and performance bonds	**173,112,525**	114,478,659
Advances to a casino project	**4,780,000,000**	4,780,000,000
	P6,435,192,597	P6,274,969,828

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 BOD has established a credit policy under which each new advanced amount requested by customer/counterparties within the same gaming industry is analyzed individually for creditworthiness before standard credit terms and conditions are granted. The 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 June 30, 2016, there were no significant concentrations of credit risk.

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.

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/Guarantee Deposits and Betting Credit Funds
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.

Advances to a Casino Project
The Group has an insignificant exposure to credit risk on this account since the counterparty is a reputable entity with high quality external credit ratings.

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 June 30, 2016 and 2015. 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, 2015 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.

- *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.

- *Annual Improvements to PFRSs: 2010 - 2012 and 2011 - 2013 Cycles* – Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. 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:

    - *Classification and measurement of contingent consideration* (*Amendments to PFRS 3*). The amendments clarify the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to *PAS 32 Financial Instruments: Presentation*, rather than to any other PFRSs. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognized in profit or loss.

      Consequential amendments are also made to *PAS 39 Financial Instruments: Recognition and Measurement* and *PFRS 9 Financial Instruments* to prohibit contingent consideration from subsequently being measured at amortized cost. In addition, *PAS 37 Provisions, Contingent Liabilities and Contingent Assets* is amended to exclude provisions related to contingent consideration.

    - *Scope exclusion for the formation of joint arrangements (Amendment to PFRS 3*). PFRS 3 has been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in *PFRS 11 Joint Arrangements* – i.e. including joint operations – in the financial statements of the joint arrangements themselves.

    - *Disclosures on the aggregation of operating segments* (*Amendment to PFRS 8*). PFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include: a brief description of the operating segments that have been aggregated; and the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics. In addition, this amendment clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- *Scope of portfolio exception (Amendment to PFRS 13*). The scope of the PFRS 13 portfolio exception – whereby entities are exempted from measuring the fair value of a group of financial assets and financial liabilities with offsetting risk positions on a net basis if certain conditions are met – has been aligned with the scope of PAS 39 and PFRS 9.

  PFRS 13 has been amended to clarify that the portfolio exception potentially applies to contracts in the scope of PAS 39 and PFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under PAS 32 – e.g. certain contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument.

- *Restatement of accumulated depreciation (amortization) on revaluation* (*Amendments to PAS 16 and PAS 38*). The amendments clarify the requirements of the revaluation model in PAS 16 and PAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset. PAS 16 and PAS 38 have been amended to clarify that, at the date of revaluation: the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset – e.g. restated in proportion to the change in the carrying amount or by reference to observable market data; and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

- *Definition of 'related party' (Amendment to PAS 24).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 – e.g. loans.

- *Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)*. PAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under PAS 40 and perform a separate assessment under PFRS 3 to determine whether the acquisition of the investment property constitutes a business combination. Entities will still need to use judgment to determine whether the acquisition of an investment property is an acquisition of a business under PFRS 3.

Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2015. However, the Group has not applied the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

Effective January 1, 2016

- *Accounting for Acquisitions of Interests in Joint Operations (Amendments to PFRS 11).* The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured.

  The amendments place the focus firmly on the definition of a business, because this is key to determining whether the acquisition is accounted for as a business combination or as the acquisition of a collection of assets. As a result, this places pressure on the judgment applied in making this determination.

  The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38).* The amendments to *PAS 38 Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

  The amendments to *PAS 16 Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset – e.g. changes in sales volumes and prices.

  The amendments are effective for annual periods beginning on or after January 1, 2016, and are to be applied prospectively. Early application is permitted.

- *Equity Method in Separate Financial Statements (Amendments to PAS 27).* The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.

  The amendments apply retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

- *Annual Improvements to PFRSs 2012 – 2014 Cycle.* This cycle of improvements contains amendments to four standards, none of which are expected to have significant impact on the Company's Group's consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

  Changes in method for disposal (Amendment to PFRS 5). PFRS 5 is amended to clarify that:

  - if an entity changes the method of disposal of an asset (or disposal group) – i.e. reclassifies an asset (or disposal group) from held-for-distribution to owners to held-for-sale (or vice versa) without any time lag – then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset (or disposal group) and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset (or disposal group); and

  - if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

  Any change in method of disposal or distribution does not, in itself, extend the period in which a sale has to be completed.

  The amendment to PFRS 5 is applied prospectively in accordance with PAS 8 to changes in methods of disposal that occur on or after January 1, 2016.

- *Investment Entities: Applying the Consolidation Exception (Amendments to PFRS 10, PFRS 12 and PAS 28)* clarifies that:

  - A subsidiary that provides investment–related services should not be consolidated if the subsidiary itself is an investment entity.

  - The exemption from preparing consolidated financial statements for an intermediate held by an investment entity, even though the investment entity does not consolidate the intermediate.

  - When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

- *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

  - Information should not be obscured by aggregating or by providing immaterial information.

  - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.

  - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

  - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

  The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

<u>Discussion and Analysis of Material Events and Uncertainties Known to Management</u>

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.

<u>Plans for 2016</u>

Retail Business Units continues to be the Group's strategic priority in terms of growing its venues network reach and depth, and most especially in the electronic bingo business which has been driving the revenue growth of the bingo market. ABLE plans to expand by applying for permits to open new bingo boutiques in high traffic areas around new SM and Robinson's Malls/Supercenters as well as bingo outlets in Metro Manila and select provincial areas. TGXI will likewise expand its retail market reach by acquiring more strategically located venues and offering better games to attract more players and increase customer spent.

FCLRC's plan is to invite and qualify more licensed and operating locators within the year. Major capital expenditures shall mainly support 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 embarking on acquiring newer slot machines aimed at improving the games in all its arcade venues and correspondingly intensifying its marketing campaign to bring greater foot traffic on the casino floors.

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.

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 & President

Date: 7/28/16

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

Date: 28/07/16

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

Date: 7/28/16

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		30-Jun-16	31-Dec-15
	Schedule	**Unaudited**	Audited
ASSETS			
Current Assets			
Cash and cash equivalents	*1*	**255,688,325**	338,802,543
Receivables – net	*2*	**836,624,680**	778,033,823
Supplies and inventory		**67,366,285**	37,709,669
Prepaid expenses and other current assets	*3*	**307,914,718**	210,753,953
Due from related parties	*2*	**18,835,517**	18,835,517
Total Current Assets		**1,486,429,525**	1,384,135,505
Noncurrent Assets			
Property and equipment – net	*4*	**1,660,199,277**	1,530,538,764
Investment properties – net	*5*	**143,335,175**	144,485,174
Investments and advances – net	*6*	**3,224,008,781**	3,141,614,845
Advances to a casino project	*6*	**4,780,000,000**	4,780,000,000
Deferred tax assets		**261,005,043**	178,034,400
Goodwill – net		**1,453,344,478**	1,453,344,478
Other assets – net	*7*	**1,068,983,312**	984,527,403
Total Noncurrent Assets		**12,590,876,067**	12,212,545,064
		14,077,305,592	13,596,680,569
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*8*	**1,953,483,499**	1,846,349,239
Short-term loans payable	*10*	**1,269,284,000**	1,211,094,749
Current portion of long-term loans payable	*10*	**718,139,396**	716,503,799
Current portion of obligations under finance lease		**3,950,429**	3,740,533
Due to related parties	*9*	**9,070,691**	9,070,691
Income tax payable		**93,508,062**	98,297,045
Total Current Liabilities		**4,047,436,077**	3,885,056,056
Noncurrent Liabilities			
Long-term loans payable - net of current portion	*10*	**2,999,164,166**	3,358,663,471
Retirement benefits liability		**125,653,644**	125,653,644
Rent deposits		**4,445,300**	4,445,300
Obligations under finance lease - net of current portion		**-**	220,955
Total Noncurrent Liabilities		**3,129,263,110**	3,488,983,370
		7,176,699,187	7,374,039,426
Equity Attributable to Equity Holders of the Parent			
Capital stock		**2,849,852,512**	2,849,852,512
Additional paid-in capital - common		**1,114,028,555**	1,114,028,555
Treasury shares		**(71,142,419)**	(71,142,419)
Retained earnings		**2,479,075,674**	1,948,895,695
Employee benefit reserve		**(40,936,438)**	(40,936,438)
Fair value reserve		**9,783,653**	9,783,653
Foreign currency translation reserve		**(434,274)**	(434,274)
Other reserve		**(1,294,351)**	(1,294,351)
		6,338,932,912	5,808,752,933
Non-controlling Interests		**561,673,493**	413,888,210
Total Equity		**6,900,606,405**	6,222,641,143
		14,077,305,592	13,596,680,569

See Attachments to Unaudited Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

	For the Six Months Ended Jun 30		For the Three Months Ended Jun 30	
	2016	2015	**2016**	2015
REVENUES				
Electronic bingo – net	**₱2,249,864,429**	₱1,580,953,936	**₱1,194,795,215**	₱815,929,458
Traditional bingo	**1,187,631,295**	1,090,885,885	**608,312,440**	590,684,071
Service and hosting fees	**934,074,186**	762,566,067	**476,546,589**	396,398,978
Income from junket operations	**487,906,627**	547,557,375	**238,171,394**	283,026,937
Rent income	**174,641,121**	52,565,414	**97,513,061**	25,135,853
Commission income	**148,711,311**	142,361,458	**76,165,226**	71,773,860
Rapid bingo	**144,319,192**	130,542,430	**72,793,395**	67,001,059
Compensation fee from a casino project	**67,246,205**	-	**33,623,103**	-
Share in gaming revenue of a casino project	**69,857,729**	32,273,919	**52,891,313**	16,996,758
Pull tabs	**7,800,570**	2,942,319	**4,259,463**	2,591,579
	5,472,052,664	4,342,648,803	**2,855,071,198**	2,269,538,553
COSTS AND OPERATING EXPENSES				
Franchise fees and taxes	**2,363,051,544**	1,861,148,737	**1,227,456,016**	984,037,338
Payouts - traditional bingo	**809,889,468**	782,845,482	**413,341,960**	402,284,214
Rent	**345,290,102**	273,489,339	**181,547,603**	143,517,292
Contracted services	**214,837,688**	194,029,927	**109,491,651**	97,141,864
Salaries and wages	**293,236,426**	218,171,885	**140,160,051**	119,912,956
Communications and utilities	**151,363,124**	109,791,500	**78,025,224**	57,096,195
Depreciation and amortization	**160,082,893**	76,754,260	**86,343,165**	40,443,538
Advertising and promotional activities	**100,538,235**	137,957,394	**52,760,606**	69,860,455
Professional and directors' fees	**63,898,249**	42,357,313	**32,917,247**	30,811,948
Cards and supplies	**25,737,992**	30,341,090	**(2,630,475)**	5,087,076
Taxes and licenses	**49,853,523**	32,209,363	**26,857,677**	11,422,548
Others	**182,108,796**	110,390,010	**132,776,472**	41,973,688
	4,759,888,040	3,869,486,300	**2,479,047,197**	2,003,589,112
OPERATING INCOME	**712,164,624**	473,162,503	**376,024,001**	265,949,441
OTHER INCOME (EXPENSES)				
Finance expense	**(199,900,086)**	(123,403,348)	**(104,691,098)**	(55,356,306)
Finance income	**143,751,111**	93,213,998	**71,768,398**	41,621,185
Equity in net earnings of joint ventures and associates	**92,003,465**	123,845,535	**44,146,812**	31,251,355
Other income – net	**124,501,333**	69,903,560	**63,902,152**	44,465,368
	160,355,821	163,559,744	**75,126,262**	61,981,601
INCOME BEFORE INCOME TAX	**872,520,445**	636,722,247	**451,150,263**	327,931,042
INCOME TAX EXPENSE	**124,430,282**	69,714,991	**71,491,619**	41,635,567
NET INCOME	**₱748,090,163**	₱567,007,256	**₱379,658,644**	₱286,295,475
Attributable to:				
Owners of the Parent Company	**600,304,880**	453,841,624	**311,624,872**	222,837,635
Non-controlling interest	**147,785,283**	113,165,632	**68,033,772**	63,457,840
	₱748,090,163	₱567,007,256	**₱379,658,644**	₱286,295,475
Basic Earnings Per Share	**₱0.5613**	₱0.4393	**₱0.3207**	₱0.2468
Diluted Earnings Per Share	**₱0.5260**	₱0.4116	**₱0.3005**	₱0.2312

See next page for the computation.

Basic earnings per share (EPS) is computed as follows:

	For the Six Months Ended Jun 30		For the Three Months Ended Jun 30	
Net Income	**600,304,880**	453,841,624	**311,624,872**	222,837,635
Less:				
Dividends on preferred shares	**70,125,000**	70,125,000	**70,125,000**	70,125,000
Add:				
Effect of AFS - preferred shares held by ABLE	**3,102,500**	3,102,500	**3,102,500**	3,102,500
Income attributable to ordinary stockholders of the Parent Company (a)	**673,532,380**	527,069,124	**384,852,372**	296,065,135
Adjusted weighted average number of shares outstanding *(b)	**1,199,852,512**	1,199,852,512	**1,199,852,512**	1,199,852,512
Basic earnings per share (a/b)	**0.5613**	0.4393	**0.3207**	0.2468

** Adjusted for the stock dividends declared in 2013.*

Diluted earnings per share is computed as follows:

	For the Six Months Ended Jun 30		For the Three Months Ended Jun 30	
Income attributable to ordinary stockholders of the Parent Company *(a)*	**673,532,380**	527,069,124	**384,852,372**	296,065,135
Adjusted weighted average number of shares outstanding *(b)*	**1,199,852,512**	1,199,852,512	**1,199,852,512**	1,199,852,512
Effect of dilutive potential common shares** *(c)*	**80,675,000**	80,675,000	**80,675,000**	80,675,000
Adjusted weighted average number of shares outstanding* (d=b+c)	**1,280,527,512**	1,280,527,512	**1,280,527,512**	1,280,527,512
Diluted earnings per share (a/d)	**0.5260**	0.4116	**0.3005**	0.2312

** Adjusted for the stock dividends declared in 2013.*

*** Adjusted for the convertible preferred shares.*

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

For the Six Months Ended June 30, 2016

	Capital Stock		**Additional**	**Retained**	**Employee**	**Other**	**Translation**	**Treasury**	**Minority**	
	Common Shares	**Preferred Shares**	**Paid-in Capital (Common)**	**Earnings**	**Benefit Reserve**	**Reserves**	**Gain (Loss)**	**Shares**	**Interests**	**Total**
Balance at beginning of period	**1,199,852,512**	**1,650,000,000**	**1,114,028,555**	**1,948,895,695**	**(40,936,438)**	**8,489,302**	**(434,274)**	**(71,142,419)**	**413,888,210**	**6,222,641,143**
Dividends				**(70,125,000)**						**(70,125,000)**
Translation gain/loss during the period										**0**
Addition/Reduction										**0**
Minority interests									**147,785,283**	**147,785,283**
Net income for the period				**600,304,979**						**600,304,979**
Balance at end of the period	**1,199,852,512**	**1,650,000,000**	**1,114,028,555**	**2,479,075,674**	**(40,936,438)**	**8,489,302**	**(434,274)**	**(71,142,419)**	**561,673,493**	**6,900,606,405**

For the Six Months Ended June 30, 2015

	Capital Stock		Additional	Retained	Employee	Other	Translation	Treasury	Minority	
	Common Shares	Preferred Shares	Paid-in Capital (Common)	Earnings	Benefit Reserve	Reserves	Gain (Loss)	Shares	Interests	Total
Balance at beginning of period	1,199,852,512	1,650,000,000	1,114,028,555	1,195,392,316	(31,095,092)	0	(139,126)	(71,142,419)	367,102,909	5,423,999,655
Dividends				(140,250,000)						(140,250,000)
Translation gain/loss during the period										0
Addition/Reduction					(1,747,587)					(1,747,587)
Minority interests									113,165,632	113,165,632
Net income for the period				453,841,624						453,841,624
Balance at end of year	1,199,852,512	1,650,000,000	1,114,028,555	1,508,983,940	(32,842,679)	0	(139,126)	(71,142,419)	480,268,541	5,849,009,324

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

	For the Six Months Ended June 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before franchise and taxes	**3,041,016,806**	2,062,688,675
Adjustments for:		
Depreciation	**160,082,893**	76,754,260
Equity in net loss (earnings) of an associate	**(92,003,465)**	(123,845,535)
Finance expense (income) - net	**56,148,976**	(30,189,351)
Operating income before working capital changes	**3,165,245,210**	1,985,408,050
Decrease (increase) in:		
Receivables	**(58,590,857)**	(74,006,329)
Bingo cards	**(29,656,616)**	(18,345,511)
Prepaid expenses and other current assets	**(97,160,765)**	(3,671,000)
Increase (decrease) in:		
Trade and other payables	**107,134,260**	(289,815,016)
Income tax payable	**(4,788,983)**	(292,643)
Retirement benefits liability	**0**	1,800,000
Cash generated from operations	**3,082,182,249**	1,601,077,550
Finance income (expense) - net	**(56,148,976)**	30,189,351
Franchise fees and taxes paid	**(2,363,051,544)**	(1,495,681,419)
Net cash from operating activities	**662,981,729**	135,585,481
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal (Acquisition) of property and equipment - net	**(289,743,407)**	(267,499,472)
Disposal (Acquisition) of investment property - net	**1,149,999**	(21,084,743)
Decrease (increase) in investments and advances	**9,609,529**	40,542,374
Decrease (increase) in deferred tax assets	**(82,970,643)**	(32,741,223)
Decrease (increase) in other assets	**(84,455,909)**	(137,069,225)
Net cash provided (used) in investing activities	**(446,410,431)**	(417,852,289)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment (payment) of loans - net	**(299,674,457)**	123,768,245
Availment (payment) of obligations under finance lease - net	**(11,059)**	(1,500,320)
Decrease (increase) in receivables from related parties	**(0)**	(54,060,212)
Net cash provided (used) in financing activities	**(299,685,515)**	68,207,713
NET INCREASE (DECREASE) IN CASH	**(83,114,218)**	(214,059,094)
CASH AT BEGINNING OF PERIOD	**338,802,543**	338,257,077
CASH AT END OF PERIOD	**255,688,325**	124,197,983

LEISURE AND RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Unaudited Conolidated Financial Statements
As of June 30, 2016

Schedule 1 - Cash and Cash Equivalents

Cash in banks	164,567,195
Cash on hand and payout fund	91,121,130
	255,688,325

Schedule 3 - Prepaid Expenses and Other CurrrentAse

Prepayments	49,705,694
Adv to suppliers/creditors/contractors	128,496,544
Supplies	67,366,285
Creditable withholding tax	62,241,112
Input VAT	62,477,979
Others	4,993,389
	375,281,003

Schedule 4 - Property and Equipment

Land	185,546,674
Leasehold rights & improvements	1,006,237,359
Transportation equipment	460,788,390
Office furniture, fixtures, and equipment	491,088,589
Slot machines	296,503,744
Computer software	55,513,438
Other fixed assets	52,933,676
	2,548,611,871
Less: Accumulated Depreciation	(888,412,593)
	1,660,199,277

Schedule 5 - Investment Properties

Land improvements	33,438,630
Building	109,896,545
	143,335,175

Schedule 6 - Investment and Advances

Associates:	
Cost	
Binondo Leisure Resources, Inc. (BLRI) - 30%	21,600,000
Techzone Philippines, Inc. (TPI) - 50%	250,000,000
	271,600,000
Accumulated equity in net income (loss) of an associate:	
Balance at beginning of year	
BLRI	(26,303,101)
TPI	217,014,327
Net equity in earnings (losses) for the period	
BLRI	0
TPI	(5,276,914)
Balance at end of the quarter	
BLRI	(26,303,101)
TPI	211,737,412
	185,434,311
	457,034,311

Joint venture:	
Cost	
First Cagayan Converge Data Center Inc. (FCCDCI) -60%	15,000,000
Hotel Enterprises of the Philippines (HEPI) - 51%	750,938,000
	765,938,000
Accumulated equity in net income (loss) of a joint venture:	
Balance at beginning of year	
FCCDCI	66,757,510
HEPI	92,580,416
Net equity in earnings (losses) for the first quarter	
FCCDCI	61,242,340
HEPI	36,038,039
Balance at end of the quarter	
FCCDCI	127,999,850
HEPI	128,618,454
	256,618,304
	1,022,556,304
Advances:	
AB Fiber	31,696,665
Belle Corporation	4,780,000,000
BLRI	151,513,513
Cagayan Land Property Development Corporation (CLPDC)	153,118,171
Cagayan Premium Ventures Development Corporation (CPVDC)	747,900,729
DFNN, Inc. (DFNN)	117,554,969
Eco Leisure	26,136,049
FCCDCI	44,047,374
Hotel Enterprises of the Philippines (HEPI)	511,694,196
	6,563,661,666
Allowance for Impairment loss on advances	(40,000,000)
	6,523,661,666
Total	8,003,252,281
Other investments - at cost	756,500
	8,004,008,781

Schedule 7 - Other assets

Venue and rental deposits	451,252,680
Cash in bank - restricted	261,523,394
Cash and performance bonds	173,112,525
Others	155,176,030
	1,068,983,312

Schedule 8 - Trade and Other Payables

Trade	400,892,352
Regulatory fees	731,439,718
Unearned hosting fees	474,471,128
Dividends payable	70,125,000
Other accrued expenses	276,555,301
	1,953,483,499

Schedule 9 - Due to Related Party

Longview Holdings Corporation	9,070,691
	9,070,691

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

Short-term Loans Payable	
AUB	309,000,000
BDO	398,000,000
PBB	70,000,000
PBCOM	49,884,000
UCPB	442,400,000
Total short-term	**1,269,284,000**
Long-term Loans Payable	
Current Portion	
AUB	130,000,000
BDO	588,139,396
Noncurrent Portion	
AUB	379,166,667
BDO	2,619,997,500
Total long-term	**3,717,303,562**

LEISURE AND RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Unaudited Conolidated Financial Statements
Schedule 2 - Receivables
As of June 30, 2016

1) Aging of Accounts Receivable

	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	111,901,465	53,549,295	5,598,220	5,598,219.75	47,155,730	
2) Receivable from Locators	146,051,610	145,918,127				
3) Other Trade Receivables	449,472,245	273,854,146	170,171,390	5,446,709		
Total Trade Receivables	707,291,837	473,321,568	175,769,609	11,044,929	47,155,730	-
b) Non-trade Receivables						
1) Advances to employees	10,988,138	10,988,138				
2) Others	136,256,032	136,256,032				
	147,244,171	147,244,171	-	-	-	-
Allowance for impairment	(17,911,328)					
Net Non-trade Receivables	129,332,843					
Total Accounts Receivable	**836,624,680**					
c) Receivables from Related Parties						
1) Advances to Stockholders	18,835,517	18,835,517				
Total Due from Related Parties	**18,835,517**					

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) mos to one (1) yr
b) Advances to employees	company loan and other advances granted to employees	six (6) mos to one (1) yr
c) Advances to related parties - BLRI	rental and advances	six (6) mos to one (1) yr
d) Others	various advances and receivables	six (6) mos to one (1) yr

3) Normal Operating Cycle: 365 days

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Financial Soundness Indicators
As of June 30, 2016

Key Performance Indicator	Formula	2016	2015
Current Ratio	Current Assets / Current Liabilities	36.7%	35.3%
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	104.0%	97.5%
Asset to Equity Ratio	Total Assets / Stockholders' Equity	204.0%	197.5%
Payout Turnover	Net Revenues / Payout	383.9%	210.9%
Return on Average Equity	Net Income / Average Stockholders' Equity	9.1%	5.0%
Return on Average Assets	Net Income / Average Total Assets	4.3%	2.5%
Solvency Ratio	Net Income + Depreciation / Total Liabilities	10.6%	5.7%
Interest Coverage Ratio	Income Before Interest & Tax / Interest Expense	4.63	6.06
Net Book Value Per Share	Stockholders' Equity / Weighted Average Shares Outstanding	5.75	4.76
Earnings Per Share	Income attributable to ordinary stockholders of the Parent Company / Weighted Average Shares Outstanding	0.5613	0.4393

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Segment Information
As of June 30, 2016

The Group operates in four (4) reportable business segments: the retail group, online group, casino group, and property group, and only one (1) reportable geographical segment which is the Philippines. The description of the reportable segments are as follows:

Retail
The retail segment consists largely of venues providing amusements and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games. And with the recent acquisition of TGXI in July 2014, this business segment now currently includes PeGS offering online casino games. Multiple sites include Bingo Halls located in large popular malls, while Bingo Boutiques and e-Games Stations are situated in strategic commercial establishments across the country.

Online
The online segment's primary activity is licensing of operators engaged in interactive gaming, as well as the establishment and setup of all the gaming infrastructures required in connection with the development, operation and conduct of internet server, telecommunication network, gaming enterprises, and other systems facilities.

Casino
The casino group is involved in hotel operation and casino marketing, junket operations, and arcade leasing.

Property
The property segment consists of an economic interest in one of the integrated resort operators in the Entertainment City and an investment in a joint venture property development project engaged in building a world-class Business Process Outsourcing center with offices for various locators.

Analysis of financial information by business segment as of June 30 follows:

	RETAIL	CASINO	ONLINE	PROPERTY	OTHERS	Eliminations	CONSOLIDATED
Net Revenues							
External revenue	1,286,762,235	347,694,267	512,454,776	152,200,373	-	(155,376,288)	**2,143,735,363**
Results							
Segment results	333,021,151	49,439,850	372,331,577	133,772,728	-	(116,854,420)	**771,710,886**
Unallocated corporate expenses							**(176,400,682)**
Results from operating activities							**595,310,204**
Finance expense - net	(22,698,166)	4,210	(44,553,024)	36,547,369	(25,449,366)	13,508,477	**(42,640,499)**
Other income	7,753,398	(106,496)	110,948,144	5,899,845	6,443	(33,639,477)	**90,861,855**
Equity in net earnings of jv and associates	-	-	61,242,340	(5,276,914)	36,038,039	(18,568,678)	**73,434,787**
Income taxes	(94,975,162)	(14,801,667)	(25,622,739)	(49,583,429)	60,552,714	7,768,814	**(116,661,468)**
Total Comprehensive Income							**600,304,880**
Other Information							
Segment assets	3,328,848,290	1,168,846,351	3,350,148,716	6,836,286,147	5,043,385,858	(5,650,209,770)	**14,077,305,592**
Total Assets							**14,077,305,592**
Segment liabilities	2,251,575,796	1,051,071,597	1,381,507,181	4,563,778,341	973,664,155	(3,044,897,883)	**7,176,699,187**
Total Liabilities							**7,176,699,187**
Capital expenditures	172,089,082	90,713,407	17,703,782	1,150,000	8,087,136		**289,743,407**
Depreciation and amortization	113,903,695	16,752,813	17,447,946	6,491,217	5,487,222		**160,082,893**

There were no intersegment sales recognized between the four reportable segments for the three months ended June 30, 2016. 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 related parties. Capital expenditures on noncurrent assets represent additions to property and equipment and investment property. Noncash expenses pertain to depreciation and amortization expenses attributable to the four reportable segments.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Notes to Interim Consolidated Financial Statements
As of June 30, 2016

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 retail (AB Leisure Exponent, Inc. and Total Gamezone Xtreme, Inc.) and online (First Cagayan Leisure and Resort Corporation) segments, are operating on a daily basis including Sundays and Holidays, except on Maundy Thursday and Good Friday. Both segments are not seasonal in nature.

   Making up the casino segment, Prime Investment Korea, Inc., which began commercial operations in July of 2013, jointly conducts junket gaming operations within PAGCOR's Casino Filipino-Midas while Blue Chip Gaming and Leisure Corporation operates Slot Arcades under licenses issued by the Philippine Amusement and Gaming Corporation (PAGCOR).

   Under the property segment, AB Leisure Global Inc. began receiving share in gaming revenues of PLAI when the latter began gaming operations in December 2014 in addition to its share in net lease income of Belle. Another subsidiary under the property segment, LR Land Developers, Inc., is engaged in realty estate acquisition, development and tourism.

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 June 01, 2016, the BOD approved the declaration of cash dividend equivalent to P0.0425 per share payable to all preferred stockholders of record as of May 31, 2016.

   On June 15, 2015, the BOD approved the declaration of cash dividend equivalent to P0.0425 per share payable to all preferred stockholders of record as of June 30, 2015 and cash dividend of P0.0425 per share payable to all preferred stockholders of record as of December 29, 2015.

   On July 09, 2015, the BOD approved the declaration of cash dividend equivalent to P0.060 per share payable to all common stockholders of record as of September 29, 2015 and cash dividend of P0.060 per share payable to all common stockholders of record as of February 26, 2016.

9. 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.

10. 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.

11. 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.

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