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

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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, 2017

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

   PASIG 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: **CASINO** (1) Prime Investment Korea, Inc. (PIKI - 100% owned), (2) Blue Chip Gaming and Leisure Corporation (BCGLC - 100% owned), (3) Gold Coast Leisure World Corp. (GCLWC - 100% owned); **ONLINE** (4) First Cagayan Leisure and Resort Corporation (FCLRC - 69.68% owned), (5) LR Data Center and Solutions, Inc. (LRDCSI - 80% owned), (6) First Cagayan Converge Data Center Inc. (FCCDCI - 57.8%); **RETAIL** (7) AB Leisure Exponent, Inc. (ABLE - 100% owned), (8) Total Gamezone Xtreme, Inc. (TGXI - 100% owned); and **PROPERTY** (9) AB Leisure Global, Inc. (ABLGI - 100% owned), (10) 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 first quarter of 2017.

LRWC's total operating expenses amounted to ₱103.2 million and ₱87.4 million during the first quarter of 2017 and 2016, 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 and continuous organizational changes. Other income/charges as of 31 March 2017 amounting to ₱5.4 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 first quarter of 2017, LRWC's share in HEPI's net income amounted to ₱15.5 million or a decline of ₱3.4 million as compared to last year's quarter share of ₱18.9 million.

PIKI Operations
First Quarter 2017 vs. First Quarter 2016

PIKI started its commercial operations on 26 July 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 2017, net income of PIKI grew by ₱16.2 million or 186.2% from ₱8.7 million to ₱24.9 million. This is mainly due to higher net revenues during the quarter of ₱106.5 million as compared to ₱98.8 million of the same period last year further improved by a decrease in operating expenses of ₱4.7 million from ₱86.3 million to ₱81.6 million due to lower professional fees and directors' fees during the year.

BCGLC Operations
First Quarter 2017 vs. First Quarter 2016

The Group acquired 70% of BCGLC's outstanding capital stock on 27 April 2011. BCGLC operates Slot Arcades 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 obtained its Certificate of Registration in Subic Bay Metropolitan Authority on August 2, 2016.

On 17 December 2015 BCGLC received a letter from Philippine Amusement and Gaming Corporation (PAGCOR), informing that PAGCOR's 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 31 March 2017, consolidated BCGLC gross revenues grew to ₱112.7 million from ₱69.6 million last year. Operating expenses likewise increased to ₱67.0 million from ₱47.5 million for the same period last year. This resulted to a net income of ₱37.6 million for the quarter, a growth from last year's meager first quarter net income of ₱6.8 million.

FCLRC Operations
First Quarter 2017 vs. First Quarter 2016

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 ₱132.9 million gross revenues for the first quarter of 2017, representing a ₱324.6 million or 70.9% decrease from last year's first quarter of ₱457.5 million. The decline in revenues is mainly due to the decline in the locators' revenue in addition to the decrease in the number of operating locators. For the period ending 31 March 2017, there were 118 licensed operators - 100 of which are operational and 18 are non-operational while for the period ending 31 March 2016, there were 132 licensed locators - 114 of which are operational and 18 are non-operational. Hosting fees from restrictive and interactive gaming locators contributed ₱120.4 million or 90.6% of total revenues, while license application and renewal fees accounted for P12.5 million or 9.4%. Hosting fees of ₱414.7 million during the first quarter of 2016 decreased by ₱294.3 million or 71.0% while license application fees decreased by ₱30.3 million or 70.8% from ₱42.8 million during the same period.

In the local scene, recent developments significantly affected FCLRC's business and operations due to the issuance on 01 September 2016 by the Philippine Gaming Amusement and Gaming Corporation (PAGCOR) of the "Rules and Regulations for Philippine Offshore Gaming Corporations". The said PAGCOR Regulations was adopted to regulate the issuance of licenses which provide and participate in offshore gaming services or online games of chance via the Internet.

FCLRC posted a net income of ₱10.1 million for the first quarter of 2017, a ₱245.9 million or 96.1% decrease versus last year's ₱256.0 million. Total cost and operating expenses of ₱74.3 million increased by ₱19.5 million or 35.5% from last year's ₱54.8 million. The increase is mainly due to Transportation costs. The resulting income in "Other Income (Charges)" account of ₱15.9 million or a decrease of ₱57.3 million from last year's ₱73.2 million was mainly due to the following: (1) decline in other income derived from the rental of gaming facility;

and (2) non-recognition of equity in net earnings of First Cagayan Converge Data Center, Inc. (FCCDCI) and (3) partially offset by decrease in interest expense as compared to last year's first quarter.

FCLRC ceased recognition of equity earnings of FCCDCI beginning 01 January 2017 due to consolidation which will be discussed further in the report.

LRDCSI Operations
First Quarter 2017

On 20 May 2016, LRDCSI was registered and incorporated with SEC. LRDCSI is a technology company engaged in aggregating data and telecommunication services. LRDCSI's revenue model involves acquiring services from local and foreign technology and telecommunication companies at wholesale rates, bundling said services and then reselling the services at retail rates. The premium for such activity is warranted given the bespoke and higher level of customer engagement provided by LRDCSI. LRDCSI's portfolio includes solutions related to data center co-location, Internet, private leased lines, mobile and video platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in the industry sectors including land based and online gaming operators. LRWC owns 80% of the outstanding capital of LRDCSI while one of the incorporators owns the remaining 20%.

LRDCSI owns 20% of the outstanding capital stock of FCCDCI effective 01 January 2017 and has not started commercial operations as of 31 March 2017.

FCCDCI Operations
First Quarter 2017 vs. First Quarter 2016

FCLRC and IP Converge Data Center Corporation (IPCDCC), a wholly owned subsidiary of listed firm IPVG Corp., formed a joint venture corporation with the name First Cagayan Converge Data Center Inc. which was incorporated on 14 November 2007. The joint venture corporation was formed to engage in the business of information technology such as IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution, premium dial up access, voice over internet protocol (VOIP), IP-wide area network services and other value added services. Presently, FCCDCI provides a range of services to Internet Gaming Operators at the CSEZFP for a fee.

FCCDCI commenced its commercial operations on 01 January 2008, thus, since then, FCLRC's statement of income includes 60% equity in net earnings from FCCDCI.

IPVG Corp. acquired IPCDCC's interest in FCCDCI and entered into a Deed of Subscription of Rights with IP E-Games Ventures, Inc. (IP E-Games), whereby IPVG Corp. assigned 9,999,998 shares of stock in FCCDCI with a par and issue value of ₽1. The assignment was made effective 01 January 2009. However, on 13 April 2011, the Board of Directors of both IP E-Games and IPCDCC jointly approved the sale of IP E-Games' 40% equity stake in FCCDCI for a total consideration of ₽120.0 million.

On 15 May 2012, IPCDCC entered into a Deed of Assignment of Subscription of Rights with IP Ventures, Inc. (IPVI), a third party company, whereby IPCDCC assigned all rights and interests and participation to its 9,999,998 shares of stock in FCCDCI with a par and issue value of ₽1 to IPVI.

On 01 January 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI with a par and issue value of ₽1 for a total consideration of ₽16.4 million to LRDCSI.

By virtue of the Deed of Absolute Sale of Share of Stock entered into by IPVI and LRDCSI, LRWC obtained a 57.808% effective interest and control in FCCDCI through its direct subsidiaries FCLRC and LRDCSI at 60% and 20% equity stake in FCCDCI, respectively. Thus, due to the ,effect of the 20% additional equity interest, FCCDCI is consolidated into the Group effective 01 January 2017. Equity reserve resulting from the common control business consolidation amounted to ₽26.6 million.

FCCDCI posted a net income of ₽47.5 million during the first quarter of 2017, consolidated in the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income, and ₽51.9 million during the first quarter of 2016, of which ₽31.1 million is presented under "Equity in net earnings in joint ventures and associates" in the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income. The ₱4.3 million or 8.3% decline was due to lower revenues and higher direct costs and operating expenses.

ABLE Operations
First Quarter 2017 vs. First Quarter 2016

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.

Site Closures

In September 2016, ABLE received notices from PAGCOR informing that the PAGCOR's Board of Directors issued an order to ABLE and its subsidiaries to immediately cease the operations of its E-Bingo games at its thirty-six (36) sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Bingo Games version 2.0. In response to this, LRWC sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, E-Bingo operations at said sites will be transferred to compliant locations. Consequently, ABLE received via email, notices from PAGCOR of the approval by the PAGCOR's BOD to recall the revocation to operate E-Bingo. Twenty (20) E-Bingo sites resumed its operations by virtue of the aforesaid approval.

The approval was based on the recommendation of PAGCOR's Gaming Licensing and Development Department (GLDD) and the legal opinion of its Corporate and Legal Services Department (CLSD) to honor licenses of operators whose gaming sites are located inside malls, arcades and hotels and consider them exempted from distance requirements.

The PAGCOR's BOD allowed the resumption of E-Bingo operations until the respective expiration of the licenses of the sites which are renewable every two years. PAGCOR's BOD, GLDD and CLSD are still in the process of studying whether they will permanently maintain the exemption of malls, arcade and hotels from the distance requirements.

In 2017, PAGCOR further allowed the re-opening of two (2) E-Bingo sites, while issuing an order to cease the operations for another site, bringing remaining closed sites to date to six (6).

Site Acquisitions

In February and March 2017, ABLE, through its subsidiaries, acquired sites in the following areas: (1) Tanjuatco, Tanay; (2) Sir Thomas Square, Matalino Quezon City; and (3) FRC Mall Bacoor, resulting in a provisional goodwill amounting to ₱5.7 million, ₱11.1 million and ₱6.2 million, respectively.

Revenues

ABLE and its subsidiaries generated total revenues of ₱1,709.1 million for the first quarter of 2017, a slight decline from the ₱1,710.4 million revenues for the same period last year. The decrease is attributable to the revenue growth of: (1) Electronic Bingo (E-Bingo) by ₱27.3 million or 2.6% and (2) other bingo games by ₱4.1 million, partially offsetted by revenue decline of: (1) Traditional Bingo by ₱15.6 million or 2.7% and (2) Rapid Bingo by ₱17.1 million or 24.0%.

E-Bingo has become ABLE'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 first quarter of 2017, E-Bingo sales represented 63.3% of ABLE's total revenues or ₱1,082.4 million as compared to the 61.7% contribution amounting to ₱1,055.1 million during the same period last year. As of 31 March 2017, there were a total of 10,103 E-Bingo machines in 141 bingo parlors as compared to 9,175 E-Bingo machines in 131 bingo parlors as of 31 March 2016.

On the other hand, revenues from Traditional Bingo declined by ₱15.6 million or 2.8% from ₱574.9 million of last year's first quarter to ₱559.3 million this quarter.

During the first quarter of 2017, sales from Rapid bingo contributed ₱54.4 million or 3.2% of total revenues as compared to ₱71.5 million or 4.2% contribution to total revenues for the same period last year. By the end of 31 March 2017, there were a total of 128 Rapid bingo terminals in 125 bingo parlors as compared to 129 Rapid bingo terminals in 124 bingo parlors for the first quarter of last year.

Overall, total revenues declined by ₱1.3 million or 0.1%.

Expenses

ABLE's consolidated costs and operating expenses for the first quarter of 2017 amounting to ₱1,633.1 million increased by ₱73.5 million or 4.7% from ₱1,559.6 million in the first quarter of 2016. Despite the slight decline in revenue, there was an increase in Franchise fees and taxes and Direct costs amounting to ₱12.6 million and ₱11.5 million respectively, while there was a decrease in Payout amounting to ₱9.7 million. The re-opening of two (2) new bingo parlors and two (2) newly acquired sites also resulted to higher operating costs such as: (1) Depreciation by ₱13.7 million; (2) Contracted services by ₱15.9 million; (3) Rent and Utilities by ₱3.5 million; and Others, mainly consisting of pre-operating expenses and taxes, by ₱25.9 million. The resulting expense from "Other Income (Charges)" account for the quarter amounting to ₱6.2 million is mainly attributable to interest expense payments for bank borrowings.

The increase in Franchise fees and taxes was due to the revenue mix in the first quarter of 2017 whereby the increase in E-Bingo sales was significant relative to the other revenue streams.

Corporate Income Tax

Effective 01 November 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 17 April 2013, the applicability of RMC No. 33-2013 was clarified by PAGCOR in a Memorandum dated 09 July 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 first quarter of 2017, provision for income tax amounted to ₱21.1 million.

Net Income

ABLE's posted consolidated net income (net of minority share) of ₱47.6 million for the first quarter of 2017, a decline of more than a half from same period last year of ₱95.6 million. The significant decline in net income is a result of the slight decrease in revenues further decreased by significant increase in costs and operating expenses.

TGXI Operations
First Quarter 2017 vs. First Quarter 2016

On 21 July 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.

Site Closures

Due to the expiration of IPLMA license of Philweb last 10 August 2016, TGXI closed three of its sites as well as 1,494 terminals in its 51 other sites.

The following month, TGXI received notices from PAGCOR informing that the PAGCOR's Board of Directors issued an order to ABLE and its subsidiaries to immediately cease the operations of its E-Bingo games at its thirty-six (36) sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Bingo Games version 2.0. In response to this, LRWC sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, E-Bingo operations at said sites will be transferred to compliant locations

In October and November 2016, PAGCOR allowed the re-opening of three (3) sites.

In February 2017, PAGCOR further allowed another site to be re-opened, while management decided to permanently close 12 sites. To date, TGXI has 38 operating sites.

Net Income

TGXI generated revenues amounting to ₱59.0 million in the first quarter of 2017 representing its share in revenues from the management and operation of the PAGCOR e-games stations (PeGS). Total operating expenses decreased by ₱5.1 million or 8.0% from ₱69.7 million to ₱64.6 million which mainly consists of: (1) People expenses including contracted services of ₱23.8 million; (2) Rentals and utilities of ₱19.7 million; (3) Depreciation of ₱8.5 million; and (4) Other expenses of ₱12.6 million.

For the first quarter of 2017, TGXI incurred a ₱2.0 million net loss or a decline of ₱3.3 million or 253.8% from the first quarter of 2016 net income of ₱1.3 million.

ABLGI Operations
First Quarter 2017 vs. First Quarter 2016

On 14 January 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.

On 04 November 2016, Belle Corporation and Premium Leisure and Amusement, Inc. ("Belle Group") signed a Termination agreement with Leisure and Resorts World Corporation and AB Leisure Global, Inc. ("LRWC Group"), which would enable the latter to realize its interests under its existing agreements with the Belle Group. Under the agreement, Belle Group will pay the LRWC Group a total of ₱5,090.0 million, with ₱1,018.0 million paid upon signing and the balance at the end of March 2017. Until the finalization of the transaction, ABLGI will continue to share in the net lease income and gaming revenue of Belle Group.

The Termination agreement was finalized on 31 March 2017. ABLGI received ₱4,072.0 million, which comprised of: (1) payment for an outstanding loan of Belle Group to ABGLI amounting to ₱3,762.0 million, and (2) ₱310.0 million, of which ₱110.5 million was treated as a repayment of advances to Belle while the remaining ₱199.5 million was recorded under "Other Income" in the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income, representing assignment of rights in relation to the Advisory services rendered to the Philippine Consortium in favor of Belle. Effective 31 March 2017, ABLGI shall be deemed to have divested its economic interest in the City of Dreams-Manila Integrated Resort and Casino.

For the first quarter of 2017, ABLGI reported a net income of ₱173.2 million, an increase of ₱127.4 million or 278.2% from first quarter of 2016 net income of ₱45.8 million. Total revenue amounted to ₱121.4 million comprised of: (1) share in lease income of ₱103.5 million of which ₱37.5 million booked under "Finance Income" while ₱66.0 million formed part of revenues under "Compensation fee from a casino project" in the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income, and (2) share in gaming revenue of ₱15.8 million. On the other hand, interest expense incurred during the quarter attributable to long-term borrowings to finance contribution to Belle Corporation decreased to P46.6 million from the same period last year of P54.6 million. Operating expenses during the quarter increased by ₱20.6 million or 503.3% from ₱4.1 million in last year's first quarter due to significant increase in taxes and licenses.

LRLDI Operations
First Quarter 2017 vs. First Quarter 2016

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.

LRLDI entered into a joint venture property development project in Makati with Total Consolidated Asset and Management, Inc. called Techzone Philippines, Inc (TPI). As envisioned, the building planned will be a world-class BPO center with offices for various BPO locators not limited to licensees of FCLRC.

During the first quarter of 2017, LRLDI's net income of ₱10.6 million was higher than last year's ₱3.5 million due to the improvement of its associate's (TPI) first quarter performance.

LRWC Consolidated Net Income

As a result of the foregoing developments, LRWC posted a consolidated net income (net of minority share) during the first quarter of 2017 amounting to ₱272.1 million or a 5.7% decline from last year's first quarter consolidated net income of ₱288.7 million. The decline of ₱16.6 million is mainly due to the significant decreases in net income of TGXI, ABLE due to E-Bingo downtrend and additional site closures and FCLRC due to decrease in operational locators and declining revenue of locators, partially offset by the increase in "Other Income" as a result of the Termination agreement between BCGLC and Belle Group.

Financial Condition - March 31, 2017 vs. December 31, 2016

On a consolidated basis, the financial position of Leisure & Resorts World Corporation (LRWC) and its subsidiaries - PIKI, BCGLC, FCLRC, LRDCSI, FCCDCI, ABLE, TGXI, ABLGI, and LRLDI - continue to be on solid ground. Total assets as of 31 March 2017 amounted to ₱10,666.6 million, a decrease of ₱2,191. million or 17.3% as compared to last year's balance of ₱12,857.8 million. Significant decreases in assets: (1) Advances to a casino project by ₱3,762.0 million due to repayment of Belle for said advances by virtue of the Termination agreement executed; (2) Prepaid expenses and other current assets by ₱98.5 million attributable to decrease in CWT and VAT during the period.

Total liabilities decreased by ₱2,499.3 million mainly due to ₱2,863.2 million loans settlement partly offset by increase in Trade and other payables of ₱55.6 million and availment of additional short-term loans amounting to ₱156.4 million during the quarter.

Cash Flows - Three Months Ended March 31, 2017 vs. March 31, 2016

Cash balance as of 31 March 2017 of ₱2089.9 million significantly increased during the quarter due to cash generated from operations and investments, more specifically on the consideration received from the Termination agreement between ABLGI and Belle. The amount of cash was more than enough to cover for loan amortizations and business expansion of LRWC and Subsidiaries.

<u>Financial Instruments</u>

Financial assets comprise cash, 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, and FVPL financial assets and liabilities as of the end of the first quarter of 2017 and 2016 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.

<u>Common Control Business Combinations</u>

Common Control Business Combinations. Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used. Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

For accounting similar to pooling of interest method, the assets, liabilities and equity of the acquired companies for the reporting period in which the common control business combinations occur, and for any comparative periods presented, are included in the consolidated financial statements of the Group at their carrying amounts as if the combinations had occurred from the date when the acquired companies first became under the control of the Group. The excess of the cost of business combinations over the net carrying amounts of the assets and liabilities of the acquired companies is recognized under "Equity reserve" account in the equity section of the consolidated balance sheet.

<u>Financial Risk Management</u>

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 31 March 2017 and as of 31 December 2016, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	March 31, 2017	December 31, 2016
Cash in banks	**P2,089,922,016**	P636,473,254
Receivables - net	**806,516,523**	737,035,130
Due from related parties	**-**	1,800,000
Rental deposits	**428,346,157**	330,662,339
Cash performance bonds	**142,116,404**	176,860,000
Advances to a casino project	**-**	3,762,000,000
	3,466,901,100	5,644,830,723
AFS financial asset	**188,738,497**	182,396,184
	P3,655,639,597	P5,827,226,907

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

Receivables - net
Majority of the Group's credit risk on receivables is attributed to its internet gaming licensing activities and junket operations 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 31 March 2017, 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.

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 rental and other deposits upon termination of the lease agreements.

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

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.

AFS Financial Asset
The Group's exposure to credit risk is negligible as this pertains to the Group's investment in DFNN's shares that are listed on the PSE.

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.

Management is tasked too minimize interest rate risk through interest rate swaps and options, and having a mix of variable and fixed interest rates on its loans. Presently, the Group's short-term and long-term bank loans are market-determined, with the long-term interest rates based in PDST-R2 plus a certain mark-up. The Group has not entered into interest rate swaps and options during 2017 and 2016.

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.

Equity Price Risk
Equity price risk is such risk where the fair values of investments in quoted equity securities could decrease as a result of changes in levels of equity indices and the value of individual stocks. The management strictly monitors the movement of the share prices pertaining to its investments. The Group is exposed to equity securities price risk because investments held the Group, which are classified in the consolidated financial position as AFS financial asset.

<u>Fair Values</u>

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

Cash/Receivables/Due from Related Parties/Rental and Other Deposits/Cash Performance Bonds /Trade and Other Payables/Due to a Related Party/Rent Deposits

The carrying amounts of cash, 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 rental and other deposits, cash performance bonds and rent deposits approximate their fair values, because the effective interest rate used for discounting approximates the current market rate of interest for similar transactions.

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.

Available for Sale Financial Asset

The fair value of the available for sale financial asset is based on the quoted market price of the investment in equity as at 31 March 2017. The fair value is under Level 1 of the fair value hierarchy.

<u>Capital Management</u>

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, 2017 and 2016. 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, 2017 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.

- *Disclosure initiative (Amendments to PAS 7, Statement of Cash Flows).* The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes - e.g., by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to PAS 12, Income Taxes).* The amendments clarify that:

  - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset;

  - the calculation of future taxable profit in evaluating whether sufficient taxable profit will be available in future periods excludes tax deductions resulting from the reversal of the deductible temporary differences;

  - the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and

  - an entity assesses a deductible temporary difference related to unrealized losses in combination with all of its other deductible temporary differences, unless a tax law restricts the utilization of losses to deduction against income of a specific type.

- *Annual Improvements to PFRSs 2014 - 2016 Cycle.* This cycle of improvements contains amendments to three standards. The following are the said improvements or amendments to PFRSs effective for annual periods beginning on or after January 1, 2017, none of which has a significant effect on the consolidated financial statements of the Group:

  - *Clarification of the scope of the standard (Amendments to PFRS 12).* The amendments clarify that the disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution. The amendments are applied retrospectively, with early application permitted.

Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are issued for annual periods beginning after January 1, 2017. 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, 2018

- *PFRS 9, Financial Instruments (2014).* PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 9.

- *PFRS 15, Revenue from Contracts with Customers* replaces, PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 18, *Transfer of Assets from Customers* and SIC-31, *Revenue - Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

  The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

  The Group is assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 15.

- *Transfers of Investment Property (Amendments to PAS 40, Investment Property)* amends the requirements on when an entity should transfer a property asset to, or from, investment property. A transfer is made when and only when there is an actual change in use - i.e., an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use. A change in management intention alone does not support a transfer.

  The amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. An entity may apply the amendments to transfers that occur after the date of initial application and also reassess the classification of property assets held at that date or apply the amendments retrospectively, but only if it does not involve the use of hindsight.

- *Philippine Interpretation IFRIC-22, Foreign Currency Transactions and Advance Consideration.* The amendments clarifies that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognizes a non-monetary asset or liability before recognizing the related item.

  The interpretation is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

- *Annual Improvements to PFRSs 2014 - 2016 Cycle.* This cycle of improvements contains amendments to three standards. The following are the said improvements or amendments to PFRSs effective for annual periods beginning on or after January 1, 2018, none of which has a significant effect on the consolidated financial statements of the Group:

  - *Measuring an associate or joint venture at fair value (Amendments to PAS 28).* The amendments provide that a venture capital organization, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis. The amendments also provide that a non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture. The amendments are applied retrospectively, with early application permitted.

Effective January 1, 2019

- *PFRS 16, Leases supersedes PAS 17, Leases and the related Philippine Interpretations.* The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

  PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16.

  The Group is currently assessing the potential impact of PFRS 16 and plans to adopt this new standard on leases on the required effective date.

Deferral of the Local Implementation of Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28).* The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

  The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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 2017

Retail Business Units continue 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.

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: 5/12/2017

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

Date: 5/12/17

Signature and Title: OSCAR C. KHO, JR., Group Controller

Date: 5/12/17

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(With Comparative Audited Figures as of December 31, 2016)

	Schedule	31 March 2017 Unaudited	31 December 2016 Audited
ASSETS			
Current Assets			
Cash	*1*	**P2,089,922,016**	P712,997,230
Receivables - net	*2*	**806,516,523**	737,035,130
Advances to a casino project		**-**	3,762,000,000
Due from related parties	*2*	**-**	1,800,000
Prepaid expenses and other current assets	*3*	**197,993,136**	296,526,462
Total Current Assets		**3,094,431,675**	5,510,358,822
Noncurrent Assets			
Property and equipment - net	*4*	**2,021,451,988**	1,859,370,353
Investment properties - net	*5*	**132,562,473**	135,535,900
Investments and advances - net	*6*	**2,710,744,365**	2,788,265,122
Available for sale financial asset		**188,738,497**	182,396,184
Deferred tax assets - net		**383,505,699**	333,661,580
Goodwill - net		**1,476,281,807**	1,453,344,478
Other noncurrent assets	*7*	**658,860,731**	594,920,510
Total Noncurrent Assets		**7,572,145,560**	7,347,494,127
		P10,666,577,235	P12,857,852,949
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*8*	**P886,759,428**	P784,925,839
Short-term loans payable	*10*	**1,292,081,333**	1,189,324,000
Current portion of long-term loans payable	*10*	**173,837,254**	2,942,473,997
Current portion of obligations under finance lease		**-**	220,955
Due to a related party	*9*	**9,847,986**	9,070,691
Income tax payable		**239,433,362**	129,469,303
Total Current Liabilities		**2,601,959,363**	5,055,484,785
Noncurrent Liabilities			
Long-term loans payable - net of current portion	*10*	**395,409,601**	436,395,961
Retirement benefits liability		**145,357,989**	150,109,113
Rent deposits		**4,421,800**	4,421,800
Total Noncurrent Liabilities		**545,189,390**	590,926,874
		3,147,148,753	5,646,411,659

Forward

	31 March 2017	31 December 2016
	Unaudited	Audited
Equity		
Equity Attributable to Owners of the Parent Company		
Capital stock	**P2,849,852,512**	P2,849,852,512
Additional paid-in capital - common	**1,114,028,555**	1,114,028,555
Treasury shares	**(79,864,266)**	(79,864,266)
Fair value reserve	**76,268,593**	76,268,593
Retirement benefits reserve	**(44,112,307)**	(44,112,307)
Equity reserve	**(26,632,382)**	-
Foreign currency translation reserve	**(2,166,851)**	(434,274)
Other reserve	**(1,294,351)**	(1,294,351)
Retained earnings	**2,962,925,523**	2,690,802,125
	6,849,005,026	6,605,246,587
Non-controlling Interests	**670,423,456**	606,194,703
Total Equity	**7,519,428,482**	7,211,441,290
	P10,666,577,235	P12,857,852,949

See Attachment to the Unaudited Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the Three Months Ended March 31	
	2017	2016
REVENUES		
Electronic bingo	**P1,082,392,961**	P1,055,069,214
Traditional bingo	**565,184,034**	579,318,855
Service and hosting fees	**313,599,152**	457,527,597
Income from junket operations	**253,656,793**	249,735,233
Rent income	**114,627,175**	77,128,060
Compensation fee from a casino project	**65,995,956**	33,623,102
Commission income	**62,973,897**	72,546,085
Rapid bingo	**54,372,668**	71,525,797
Share in gaming revenue of a casino project	**15,841,740**	16,966,416
Pull tabs	**3,164,416**	3,541,107
	2,531,808,792	2,616,981,466
COSTS AND OPERATING EXPENSES		
Franchise fees and taxes	**1,001,169,200**	1,135,595,528
Payouts - traditional bingo	**386,836,830**	396,547,508
Bandwidth and co-location	**110,434,499**	-
Rent	**169,540,482**	163,742,499
Salaries and other benefits	**153,063,889**	153,076,375
Contracted services	**120,697,183**	105,346,037
Depreciation and amortization	**108,027,536**	73,739,728
Communications and utilities	**75,316,247**	73,337,900
Advertising and promotion	**61,099,231**	47,777,629
Taxes and licenses	**34,141,529**	22,995,846
Professional fees and directors' fees	**29,111,689**	30,981,002
Transportation and travel	**25,515,678**	14,945,329
Repairs and maintenance	**22,781,030**	15,522,786
Store and office supplies	**17,846,183**	28,368,467
Others	**69,616,156**	18,864,209
	2,385,197,362	2,280,840,843
OPERATING INCOME	**146,611,430**	P336,140,623

Forward

	For the Three Months Ended March 31	
	2017	2016
OTHER INCOME (EXPENSES) - Net		
Finance expense	**(P70,194,837)**	(P95,208,988)
Finance income	**37,651,422**	71,982,713
Equity in net earnings of joint ventures and associates	**25,963,518**	47,856,653
Other income	**227,595,439**	60,599,181
	221,015,542	85,229,559
INCOME BEFORE INCOME TAX	**367,626,972**	421,370,182
INCOME TAX EXPENSE	**70,920,876**	52,938,663
NET INCOME AFTER TAX	**296,706,096**	P368,431,519
Attributable to:		
Owners of the Parent Company	**272,123,398**	288,680,008
Non-controlling interest	**24,582,698**	79,751,511
	P296,706,096	P368,431,519
Basic Earnings Per Share	**P0.2294**	P0.2432
Diluted Earnings Per Share	**P0.2149**	P0.2279

See next page for the computation of Basic and Diluted Earnings Per Share

Basic earnings per share is computed as follows:

	For the Three Months Ended March 31	
	2017	2016
Net Income attributable to Parent Company	**P272,123,398**	P288,680,008
Dividends on preferred shares	**-**	-
Effect of AFS - preferred shares held by ABLE	**3,102,500**	3,102,500
Income attributable to ordinary stockholders of the Parent Company (a)	**275,225,898**	291,782,508
Adjusted weighted average number of shares outstanding (b)	**1,199,852,512**	1,199,852,512
Basic earnings per share (a/b)	**P0.2294**	P0.2432

Diluted earnings per share is computed as follows:

	For the Three Months Ended March 31	
	2017	2016
Income attributable to ordinary stockholders of the Parent Company *(a)*	**P275,225,898**	P291,782,508
Adjusted weighted average number of shares outstanding *(b)*	**1,199,852,512**	1,199,852,512
Effect of dilutive potential common shares* *(c)*	**80,675,000**	80,675,000
Adjusted weighted average number of shares outstanding (d=b+c)	**1,280,527,512**	1,280,527,512
Diluted earnings per share (a/d)	**P0.2149**	P0.2279

**Adjusted for the convertible preferred shares.*

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

For the Three Months Ended March 31, 2017

	Attributable to Owners of the Parent Company												
	Capital Stock												
	Common Shares	**Preferred Shares**	**Additional Paid-in Capital - Common**	**Treasury Shares**	**Retirement Benefits Reserve**	**Equity Reserve**	**Fair Value Reserve**	**Foreign Currency Translation Reserve**	**Other Reserve**	**Retained Earnings**	**Total**	**Non-controlling Interests**	**Total Equity**
Balance at January 1, 2017	**P1,199,852,512**	**P1,650,000,000**	**P1,114,028,555**	**(P79,864,266)**	**(P44,112,307)**	**P -**	**P76,268,593**	**(P434,274)**	**(P1,294,351)**	**P2,690,802,125**	**P6,605,246,587**	**P606,194,703**	**P7,211,441,290**
Net income for the year	-	-	-	-	-	-	-	-	-	**272,123,398**	**272,123,398**	**24,582,698**	**296,706,096**
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	**272,123,398**	**272,123,398**	**24,582,698**	**296,706,096**
Business combination under common control transactions	-	-	-	-	-	**(26,632,382)**	-	**(1,732,577)**	-	-	**(28,364,959)**	**39,646,055**	**11,281,096**
Treasury shares acquired	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2017	**P1,199,852,512**	**P1,650,000,000**	**P1,114,028,555**	**(P79,864,266)**	**(P44,112,307)**	**(P26,632,382)**	**P76,268,593**	**(P2,166,851)**	**(P1,294,351)**	**P2,962,925,523**	**P6,849,005,026**	**P670,423,456**	**P7,519,428,482**

For the Three Months Ended March 31, 2016

	Attributable to Owners of the Parent Company											
	Capital Stock											
	Common Shares	Preferred Shares	Additional Paid-in Capital - Common	Treasury Shares	Retirement Benefits Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2016	P1,199,852,512	P1,650,000,000	P1,114,028,555	(P71,142,419)	(P40,936,438)	P9,783,653	(P434,274)	(P1,294,351)	P1,948,895,695	P5,808,752,933	P413,888,210	P6,222,641,143
Net income for the quarter	-	-	-	-	-	-	-	-	288,680,008	288,680,008	79,751,511	368,431,519
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the quarter	-	-	-	-	-	-	-	-	288,680,008	288,680,008	79,751,511	368,431,519
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2016	P1,199,852,512	P1,650,000,000	P1,114,028,555	(P71,142,419)	(P40,936,438)	P9,783,653	(P434,274)	(P1,294,351)	P2,237,575,703	P6,097,432,941	P493,639,721	P6,591,072,662

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

	For the Three Months Ended March 31	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before franchise tax and income tax	**P367,626,972**	P1,504,027,047
Adjustments for:		
Depreciation and amortization	**108,027,536**	73,739,728
Finance expense	**70,194,837**	95,208,988
Equity in net earnings of joint ventures and associates	**25,963,518**	(47,856,653)
Finance income	**(37,651,422)**	(71,982,714)
Retirement benefits	**(4,751,124)**	-
Unrealized foreign exchange loss	**(1,350,352)**	-
Operating income before working capital changes	**528,059,965**	1,553,136,396
Decrease (increase) in:		
Receivables	**15,476,395**	(22,972,758)
Due from related parties	**1,800,000**	-
Prepaid expenses and other current assets	**102,563,452**	(49,065,176)
Increase (Decrease) in:		
Trade and other payables	**(14,414,137)**	(27,249,279)
Income tax payable	**-**	112,218,168
Cash generated from operations	**633,485,675**	1,566,067,351
Interest received	**37,651,422**	71,982,713
Interest paid	**(70,194,837)**	(95,208,988)
Income taxes paid	**-**	(1,135,595,528)
Net cash provided by operating activities	**600,942,260**	407,245,548
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Advances to a casino project	**3,762,000,000**	-
Investments and advances	**45,214,926**	(4,781,477)
Property and equipment	**(160,468,244)**	(170,706,778)
Goodwill	**(22,937,329)**	-
Other noncurrent assets	**(47,782,600)**	161,074,400
Investment properties	**-**	1,973,426
Increase in non-controlling interests	**39,646,055**	-
Increase in deferred tax assets	**-**	(38,289,656)
Effects of business combination	**58,763,372**	-
Net cash provided by (used in) investing activities	**P3,674,436,180**	(P50,730,085)

Forward

	For the Three Months Ended March 31	
	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	**P156,350,000**	P -
Payments of obligations under finance lease	**(220,955)**	(65,987)
Payments of loans payable	**(2,863,215,770)**	(444,669,420)
Dividends paid	**(189,634,352)**	-
Increase in receivables from related parties	**-**	14,896,382
Net cash used in financing activities	**(2,896,721,077)**	(429,839,025)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**(1,732,577)**	-
NET INCREASE IN CASH	**1,376,924,786**	(73,323,562)
CASH AT BEGINNING OF YEAR	**712,997,230**	338,802,543
CASH AT END OF THE QUARTER	**P2,089,922,016**	P265,478,981

See Attachment to the Unaudited Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Unaudited Consolidated Financial Statements
As of March 31, 2017

Schedule 1 - Cash

Cash on hand and payout fund	P78,110,390
Cash in banks	2,011,811,626
	P2,089,922,016

Schedule 2 - Receivables - net

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						
Trade Receivables						
Rent Receivable	P56,668,116	P594,000	P -	P -	P56,074,116	P -
Receivable from Locators	148,609,646	148,609,646	-	-	-	-
Other Trade Receivables	663,316,556	550,160,857	104,378,875	937,095	7,839,729	
	868,594,318					
Allowance for impairment	(93,587,986)					
Net Trade Receivables	775,006,332					
Non-trade Receivables						
Advances to employees	15,599,277	8,354,660	2,166,957	3,113,404	1,964,256	-
Others	37,253,556	37,253,556	-	-	-	-
	52,852,833					
Allowance for impairment	(21,342,642)	-	-	-	-	-
Net Non-trade Receivables	31,510,191					
Total Accounts Receivable	**P806,516,523**					

2.) Accounts Receivable Description

Types of Receivable	Nature and Description	Collection Period
a) Trade receivables	Claims from other parties arising from ordinary course of business	Six (6) months to one (1) year
b) Advances to officers and employees	Company loan and other advances granted to employees	Six (6) months to one (1) year
c) Other receivables	Various advances and receivables	Six (6) months to one (1) year

3.) Normal Operating Cycle : 365 days

Schedule 3 - Prepaid Expenses and Other Current Assets

Prepaid expenses	P142,693,623
Advances to contractors and suppliers	13,596,978
Others	41,702,535
	P197,993,136

Schedule 4 - Property and Equipment - net

Land	P186,892,451
Leasehold rights and improvements	1,218,105,812
Transportation equipment	493,241,949
Office furniture, fixtures and equipment	754,688,580
Bingo equipment and paraphernalia	519,306,612
Computer software	107,173,297
Building	2,355,068
Construction-in-progress	11,685,992
Other fixed assets	53,734,533
	3,347,184,294
Less: Accumulated depreciation	1,325,732,306
	P2,021,451,988

Schedule 5 - Investment Properties - net

Land improvements	P31,181,853
Building	101,380,620
	P132,562,473

Schedule 6 - Investment and Advances - net

	Percentage of Ownership	
Investments		
Associates:		
Binondo Leisure Resources, Inc. (BLRI)	**30%**	**P21,200,000**
Techzone Philippines, Inc. (Techzone)	**50%**	**250,000,000**
		271,200,000
Accumulated equity in net earnings:		
Balance at beginning of year		**260,889,049**
Share in net income from Techzone		**10,492,475**
		271,381,524
Balance at end of the quarter		**542,581,524**
Joint venture:		
Hotel Enterprises of the Philippines Inc. (HEPI)	**51%**	**750,938,000**
First Cagayan Converge Data Center Inc. (FCCDCI)	**60%**	**15,000,000**
Derecognition of investment in FCCDCI		**(15,000,000)**
		750,938,000
Accumulated equity in net income:		
Balance at beginning of year		**175,525,284**
Derecognition accumulated equity in net income of FCCDCI		**(51,284,625)**
Share in net income from HEPI		**15,471,043**
		139,711,702
Balance at end of the quarter		**890,649,702**
Advances:		
AB Fiber Corp.		**31,696,665**
BLRI		**101,941,525**
Cagayan Land Property Development Corporation (CLPDC)		**153,118,171**
Cagayan Premium Ventures Development Corporation (CPVDC)		**751,633,071**
Eco Leisure		**26,136,049**
HEPI		**273,431,158**
		1,337,956,639
Allowance for impairment losses		**(61,200,000)**
		1,276,756,639
		2,709,987,865
Other investments - at cost		**756,500**
		P2,710,744,365

Schedule 7 - Other Noncurrent Assets

Rental deposits	P428,346,156
Cash performance bonds	142,116,404
Airstrip improvements - net	40,279,488
Lease rights	30,000,000
Advanced regulatory fee on ICBG2	12,864,993
Operating licenses	5,253,690
	P658,860,731

Schedule 8 - Trade and Other Payables

Unearned revenues	P159,141,025
Payable to PAGCOR	94,612,185
Payable to CEZA	62,621,898
Payable to government agencies	30,698,036
Rent payable	14,942,157
Accrued expenses and other payables:	
Payable to machine owners	334,823,878
Salaries, wages and benefits	87,957,461
Interest payable	59,597,107
Advertising payable	33,000,000
Communication and utilities	9,365,681
	P886,759,428

Schedule 9 - Due to Related Party

Longview Holdings Corporation	P9,070,692
Other affiliates	777,294
	P9,847,986

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

Short-term Loans Payable	
UCPB	P448,600,000
BDO	398,450,000
AUB	349,500,000
PBCOM	95,531,333
	P1,292,081,333

Long-term Loans Payable	
Current Portion	
AUB	P130,000,000
BDO	34,720,781
UB	9,116,473
Noncurrent Portion	
AUB	281,666,667
BDO	102,581,077
UB	11,161,857
	P569,246,855

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Financial Soundness Indicators
As of March 31, 2017 and March 31, 2016

Key Performance Indicator	Formula	2017	2016
Current Ratio	Current Assets / Current Liabilities	118.9%	36.8%
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	41.9%	106.4%
Asset to Equity Ratio	Total Assets / Stockholders' Equity	141.9%	206.4%
Payout Turnover	Traditional Bingo Revenues / Payout	1.46 times	1.46 times
Return on Average Equity	Net Income* / Average Stockholders' Equity	16.1%	23.0%
Return on Average Assets	Net Income* / Average Total Assets	10.1%	10.8%
Solvency Ratio	Net Income* + Depreciation* / Total Liabilities	51.4%	25.2%
Interest Coverage Ratio	Income* Before Interest & Tax / Interest Expense	6.2	5.4
Net Book Value Per Share	Stockholders' Equity / Weighted Average Shares Outstanding	6.2	5.4
Basic Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	0.2294	0.2432
Diluted Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding**	0.2149	0.2279

**Annualized for quarterly reporting.*
***Adjusted for the convertible preferred shares.*

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Segment Information
As of March 31, 2017

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

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

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.

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.

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 March 31 follows:

	Casino Group	Online Group	Retail Group	Property Group	Others	Eliminations	Consolidated
Net Revenues							
External revenue	P366,333,968	P313,599,152	P1,768,087,976	P84,057,696	P -	(P270,000)	P2,531,808,792
Results							
Segment results	63,786,031	50,387,923	70,294,307	57,026,802	(102,983,321)	8,099,688	146,611,430
Unallocated corporate expenses	-	-	-	-	-	-	-
Results from operating activities							146,611,430
Finance income	-	31,422	-	37,620,000	-	-	37,651,422
Finance expense	(71)	(2,900,296)	(10,581,040)	(46,635,231)	(10,078,199)	-	(70,194,837)
Other income - net	(39,650)	17,376,986	8,951,870	199,442,647	(35,896)	1,899,482	227,595,439
Equity in net earnings of joint ventures and associates	-	-	-	10,492,475	15,471,043	-	25,963,518
Income taxes	(1,302,471)	(7,295,181)	(21,607,400)	(74,155,248)	36,439,175	(2,999,751)	(70,920,876)
Total Comprehensive Income							P296,706,096
Other Information							
Segment assets	1,267,226,984	2,991,660,241	2,464,170,480	3,841,175,393	5,501,613,035	(5,399,268,898)	10,666,577,235
Total Assets							P10,666,577,235
Segment liabilities	1,069,788,362	689,561,910	1,854,625,224	1,203,720,438	1,184,401,765	(2,854,948,946)	3,147,148,753
Total Liabilities							P3,147,148,753
Capital expenditures	P66,940,121	P17,730,689	P34,864,793	P1,138,393	P36,686,426	P -	P160,468,244
Depreciation and amortization	15,698,900	14,605,774	68,343,030	2,379,939	6,999,893	-	108,027,536

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 March 31, 2017

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

2. The accounting policies and methods of computation adopted in the preparation of the unaudited interim consolidated financial statements are consistent with those in the preparation of LRWC and Subsidiaries' annual consolidated financial statements as of and for the year ended 31 December 2016.

3. The interim consolidated financial statements are presented in Philippine Peso (PHP), which is LRWC's functional currency. All values are rounded off to the nearest peso, unless otherwise indicated.

   In the preparation of the interim consolidated financial statements, the financial statements of First Cagayan Converge Data Center Inc., which are originally reported in United States Dollars, are translated in PHP to be consistent with the reporting currency of the Group which is in PHP.

4. 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 and First Cagayan Converge Data Center Inc.) 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 and Gold Coast Leisure World Corp. operate 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. The agreement, however, was terminated effective 31 March 2017. Another subsidiary under the property segment, LR Land Developers, Inc., is engaged in realty estate acquisition, development and tourism.

5. There were no seasonal aspects that have a material effect on the LRWC and Subsidiaries' financial condition or results of operations. There are no unusual operating cycles or seasons that will differentiate the operations for the period January to 31 March 2017 from the operations for the rest of the year.

6. The carrying amounts of property and equipment, other noncurrent assets, and investments and advances are reviewed for impairment. There are no indications of possible impairment of these assets.

7. There were no changes in estimates of amounts reported in prior year (2016) that have material effects in the current interim period.

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

9. On 14 July 2016, the BOD approved the declaration of cash dividend equivalent to P0.070 per share payable to all preferred stockholders of record as of 03 March 2017. Dividends paid on 03 March 2017 amounted to ₱189.6 million.

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. LRWC and Subsidiaries is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments, or any significant amount of payables that have not been paid within the stated trade terms.

LRWC and Subsidiaries obtained short-term loans from various financing institutions which is payable within one year. The proceeds from these borrowings were used for working capital purposes. The interest rates on these short-term and long-term borrowings are repriced monthly based on negotiated rates or prevailing market rates.

Details of short-term and long-term loans are as follows:

Short-term Loans Payable	
Balance at beginning of the year	P1,189,324,000
Availments	156,350,000
Payments	(53,592,667)
	P1,292,081,333

Long-term Loans Payable	
Balance at beginning of the year	P3,378,869,958
Availments	-
Payments	(2,809,623,103)
	569,246,855
Less current portion	173,837,254
Noncurrent portion	**P395,409,601**

12. Except for those disclosed below, there were no changes in the composition of LRWC and Subsidiaries' during the interim period. Likewise, there were no other business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

As at 31 March 2017, goodwill consists of:

Cost	P1,485,422,930
Acquisitions during the quarter	22,937,329
Accumulated impairment losses	(32,078,452)
	P1,476,281,807

Acquisitions during the quarter that resulted in provisional goodwill are as follows:

<u>ABLE</u>

During the interim period ended 31 March 2017, ABLE, through its wholly-owned subsidiaries, acquired three (3) sites for a total consideration of ₱27.5 million. The sites purchased qualified as businesses in accordance with PFRS which resulted into a total provisional goodwill of ₱22.9 million. Below are the provisional amounts of identifiable assets acquired:

Assets acquired	
Refundable deposits	P4,203,600
Other fixed assets	359,071
Total	**P4,562,671**

Business combination under common control during the quarter that resulted in equity reserve is as follows:

LRWC

As previously discussed, LRWC consolidated the operations of FCCDCI effective 01 January 2017 by virtue of the Deed of Absolute Sale of Share of Stock entered into by LRDCSI, a 80% owned subsidiary of LRWC, and the IPVI transferring to LRDCSI 20% ownership of FCCDCI. The transaction yielded an effective interest of 57.808% of LRWC over FCCDCI from 41.8% in the previous year. Simply put, the 2016 consolidated figures in this report only accounted for the share in equity earnings of LRWC, through FCLRC, in FCCDCI, while in 2017, FCCDCI's operations and financial position are already consolidated into LRWC.

The companies involved are under the common control of LRWC. Thus, the consolidation was accounted as combination of businesses under common control for which pooling of interests method was applied in the preparation of the consolidated financial statements. Prior period consolidated financial statements and comparative periods were not restated due to immateriality.

Under pooling of interests method:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No adjustments are made to reflect fair values, or recognize any new assets or liabilities at the date of the combination. The only adjustments would be to harmonize accounting policies between combining entities;
- No "new" goodwill is recognized as a result of the business combination;
- Any difference between the consideration transferred and the net assets acquired is reflected within equity; and
- The consolidated statement of income in the year of acquisition reflects the results of the combining entities for the full year, irrespective of when the combination took place.

The above transaction resulted in an equity reserve of ₱26.6 million. Below are the carrying amounts of assets and liabilities transferred to LRWC, through FCLRC and LRDCSI under pooling of interests method.

Net assets acquired	
Cash	P45,582,977
Receivables	234,150,600
Other current assets	1,657,176
Fixed assets	108,792,534
Rental deposits	14,862,035
Trade and other payables	(311,079,512)
Total	93,965,810
Consideration Transferred	
Investment (FCLRC)	66,284,715
Cash (LRDCSI)	16,400,000
Total	82,684,715
Net assets acquired at 57.808%	(54,319,756)
Effect of foreign currency translation	(1,732,577)
Equity reserve	**P26,632,382**

Retrospective effect of business combination of FCCDCI, should it had been consolidated starting 01 January 2016 is as follows:

	March 31, 2016		
	As Previously Reported	**Adjustments**	**Pro-forma figures**
Consolidated Statements of Profit or Loss and Other Comprehensive Income			
Revenues	P2,616,981,466	P154,175,315	P2,771,156,781
Income before income tax	421,370,182	21,883,385	443,253,567
Basic earnings per share	0.2432	0.0112	0.2544
Diluted earnings per share	0.2279	0.0105	0.2384

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

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