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. JOSE P. JAVIER, JR.
(Contract Person)

(02) 638-5557
(Company Telephone Number)

12 **31**
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

STAMPS

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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 September 30, 2017

2. Commission identification number 13174

3. BIR tax identification number 321-000-108-278

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

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

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

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

8. (02) 687-0370; 637-5292 to 93
   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. LRWC 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 third quarter of 2017.

LRWC's total operating expenses amounted to ₱128.6 million and ₱107.2 million during the third quarter of 2017 and 2016, respectively. Total operating expenses for the nine-month period ended 30 September 2017 and 2016 amounted to ₱331.0 million and ₱283.6 million, respectively. The increase in total operating expenses is aligned with LRWC's aim 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.

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 third quarter of 2017, LRWC's share in HEPI's net income amounted to ₱9.7 million or a turnaround of ₱11.3 million as compared to last year's quarter share in net loss of ₱1.6 million. Despite the increase in the third quarter's share in net income, YTD share is still lower by ₱4.7 million as compared to same period last year due to significant decline in HEPI's net income registered during the second quarter of 2017.

PIKI Operations
Third Quarter 2017 vs. Third Quarter 2016

Together with the 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 third quarter of 2017, PIKI incurred a net loss of ₱7.9 million, as compared to the ₱4.5 million net loss in the same period of last year. This is mainly due to lower net revenues during the quarter of ₱70.1 million as compared to ₱75.2 million of the same period last year, partially offset by a decrease in operating expenses by ₱3.7 million from ₱81.7 million to ₱78.0 million.

BCGLC Operations
Third Quarter 2017 vs. Third Quarter 2016

BCGLC operates Slot Arcades at the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga under a license issued by PAGCOR.

On 24 July 2015, BCGLC incorporated a subsidiary, 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 ₱100.0, 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 (R.A.) No. 7227. GCLWC obtained its Certificate of Registration from the Subic Bay Metropolitan Authority on 2 August 2016.

On 17 December 2015, BCGLC received a letter from 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 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 30 September 2017, consolidated BCGLC gross revenues grew to ₱106.7 million from ₱101.7 million last year. Operating expenses likewise increased to ₱76.1 million from ₱53.0 million for the same period last year. This resulted to a net income of ₱23.3 million for the quarter, a decline of ₱9.6 million from last year's third quarter net income of ₱32.9 million.

FCLRC Operations
Third Quarter 2017 vs. Third 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 within the CSEZFP.

Recent developments significantly affected FCLRC's business and operations due to the issuance on 01 September 2016 by PAGCOR of the "Rules and Regulations for Philippine Offshore Gaming Corporations". The said PAGCOR Regulation 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 generated ₱97.4 million gross revenues for the third quarter of 2017, representing a ₱417.2 million or 81.1% decrease from last year's third quarter of ₱514.6 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. Hosting fees amounting to ₱83.7 million decreased by ₱368.2 million or 81.5% while license application fees amounting to ₱13.7 million decreased by ₱49.0 million or 78.2% during the same period last year. For the quarter ended 30 September 2017, there were 44 licensed locators - 37 of which are operational and 7 are non-operational - while for the quarter ended 30 September 2016, there were 139 operational licensed locators.

FCLRC posted a net income of ₱13.2 million for the third quarter of 2017 versus last year's ₱287.3 million. Total cost and operating expenses of ₱49.2 million increased by ₱4.0 million from last year's ₱45.2 million. The movement is mainly due to the increase of the following expenses: (1) salaries and other employee benefits; (2) repairs and maintenance; and (3) contracted services. The resulting income in "Other Income /Charges" account of ₱10.5 million or a decrease of ₱54.0 million from last year's ₱64.5 million was mainly due to the following: (1) decline in other income derived from the rental of gaming facility; and (2) non-recognition in equity in net earnings of FCCDCI.

FCLRC ceased recognition of equity earnings in FCCDCI effective consolidation beginning 01 January 2017.

LRDCSI Operations
Third Quarter 2017

LRDCSI was registered and incorporated with SEC on 20 May 2016. 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 30 September 2017.

FCCDCI Operations
Third Quarter 2017 vs. Third 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, 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.

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 ₱27.7 million for the third quarter of 2017, consolidated in the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income, and ₱75.9 million during the third quarter of 2016, of which ₱26.7 million is presented under "Equity in net earnings in joint ventures and associates" account in FCLRC's Statement of Profit or Loss. The ₱48.2 million or 63.5% decline in net income was due to higher costs and operating expenses.

The increase in costs and operating expenses is composed of the following: (1) Bandwidth, co-location and IPL costs by ₱42.5 million; (2) People expenses, including contracted services, by ₱3.1 million; and (3) Rentals and utilities by ₱3.0 million.

ABLE Operations
Third Quarter 2017 vs. Third Quarter 2016

ABLE (popularly known as Bingo Bonanza Corporation), is the pioneer in professional bingo gaming in the Philippines. 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 (PAGCOR's BOD) issued an order to ABLE and its subsidiaries to immediately cease the operations of its E-Bingo games at its thirty-seven (37) 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. Thirty-one (31) 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 one (1) E-Bingo site.

In the third quarter of 2017, management decided to permanently close five (5) sites. Further, in September 2017, another site was temporarily closed due to ongoing renovation of the mall on which the site is located, bringing the total number of closed sites to four (4) as of the third quarter of 2017.

Site Acquisitions

In September 2017, ABLE, through a subsidiary, acquired a site in Tuguegarao for a total consideration of ₱10.0 million. Acquired assets amounted to ₱1.5 million resulting in a provisional goodwill amounting to ₱8.5 million.

Revenues

ABLE and its subsidiaries generated total revenues of ₱1,659.7 million for the third quarter of 2017, a decline of ₱84.2 million or 4.8% from the ₱1,743.9 million revenues for the same period last year. The decrease is attributable to the revenue decline of: (1) Electronic Bingo (E-Bingo) by ₱52.0 million or 4.7%, (2) Traditional Bingo by ₱31.5 million or 5.4% and (3) Rapid Bingo by ₱1.2 million or 2.1%.

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. For the third quarter of 2017, E-Bingo sales represented 62.9% of ABLE's total revenues or ₱1,043.7 million, the same as the E-Bingo contribution in 2016. As of 30 September 2017, there were a total of 10,218 E-Bingo machines in 142 bingo parlors as compared to 8,894 E-Bingo machines in 123 bingo parlors as of 30 September 2016.

Revenues from Traditional Bingo declined by ₱31.5 million or 5.4% from ₱581.9 million of last year's third quarter to ₱550.4 million this quarter.

For the third quarter of 2017, sales from Rapid bingo contributed ₱57.0 million or 3.4% of total revenues as compared to ₱58.2 million or 3.3% contribution to total revenues for the same period last year. By the end of 30 September 2017, there were a total of 129 Rapid bingo terminals in 127 bingo parlors as compared to 128 Rapid bingo terminals in 121 bingo parlors for the third quarter of last year.

Expenses

ABLE's consolidated costs and operating expenses for the third quarter of 2017 amounting to ₱1,633.2 million increased by ₱19.3 million or 1.2% from ₱1,613.9 million in the third quarter of 2016. There was a decrease in direct costs for the quarter such as Franchise Fees and Payouts amounting to ₱39.1 million relative to the decrease in revenues generated for the third quarter. Operating expenses increased due to increase in (1) People expenses including contracted services by ₱14.3 million; (2) Rentals and utilities by ₱8.7 million; (3) Taxes and licenses by ₱10.1 million; and (4) Depreciation and amortization by ₱9.3.

The resulting expense from "Other Income/Charges" account for the quarter amounting to ₱10.8 million is mainly attributable to interest expense payments for bank borrowings.

Net Income

ABLE's posted consolidated net income (net of minority share) of ₱9.9 million for the third quarter of 2017, a decline of 87.3% from same period last year of ₱78.0 million. The significant decline in net income is a result of the decrease in revenues and increase in operating expenses.

TGXI Operations
Third Quarter 2017 vs. Third Quarter 2016

On 21 July 2014, LRWC entered into an Asset and Share Purchase Agreement with Premiere Horizon Alliance Corporation (PHAC) to purchase the latter's 100% stake in TGXI, the assignee and purchaser of the assets, rights and interests of Digiwave Solutions, Inc. (DSI), the operator and licensee of 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 (3) sites and 1,494 Philweb terminals in its other 51 sites.

The following month, TGXI received notices from PAGCOR informing that the PAGCOR's Board of Directors issued an order to immediately cease the operations of its Electronic Games at its seventeen (17) sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the GSRM for Bingo Games version 2.0. In response to this, TGXI 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 2016, PAGCOR allowed the re-opening of five (5) sites.

In February 2017, management decided to permanently close twelve (12) sites. To date, TGXI has thirty-nine (39) operating sites.

Net Income

TGXI generated revenues amounting to ₱49.8 million in the third 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 ₱19.9 million or 25.8% from ₱77.0 million to ₱57.1 million which mainly consists of: (1) People expenses including contracted services of ₱23.7 million; (2) Rentals and utilities of ₱19.0 million; (3) Depreciation of ₱8.2 million; and (4) Other expenses of ₱3.6 million.

For the third quarter of 2017, TGXI registered a ₱5.1 million net loss, an improvement of ₱8.1 million or 61.8% from the third quarter of 2016 net loss of ₱13.2 million.

ABLGI Operations
Third Quarter 2017 vs. Third Quarter 2016

On 04 November 2016, Belle and PLAI ("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 a collection of the advances made to Belle while the remaining ₱199.5 million was lodged 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 third quarter of 2017, ABLGI reported a net loss of ₱12.7 million, a decline of ₱91.2 million or 116.2% from third quarter of 2016 net income of ₱78.5 million. Total revenue amounted to ₱3.9 million of which represented rent income. Operating expenses during the quarter increased by ₱19.1 million or 415.2% from ₱4.6 million in the same period of last year due to significant increase in the following expenses: (1) taxes and licenses; (2) professional fees and (3) new project expenses.

LRLDI Operations
Third Quarter 2017 vs. Third 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 third quarter of 2017, LRLDI generated a net income of ₱7.6 million due to additional rent income from its property in Cyberpark during the quarter. However, equity share in net income of TPI decreased by ₱2.0 million from ₱6.9 million in the third quarter of 2016 to ₱4.9 million this quarter.

LRWC Consolidated Net Income
Third Quarter 2017 vs. Third Quarter 2016

LRWC posted a consolidated net income (net of minority share) during the third quarter of 2017 amounting to ₱1.1 million or a 99.7% decline from last year's third quarter consolidated net income of ₱288.6 million. The decline of ₱287.5 million is mainly due to the significant decreases in net income of: (1) FCLRC as a result of the significant decline in the number of operational locators and the revenues they bring to the Company; (2) ABLE's decline in E-Bingo and traditional bingo revenues; and (3) ABLGI's decline in net income due to the termination of its contract with Belle Group.

PIKI Operations
YTD - September 30, 2017 vs. September 30, 2016

As of 30 September, 2017, PIKI generated ₱641.1 million gross revenues from its gaming operations and netted out a ₱19.6 million income after franchise fees and taxes, contracted services, rentals and other expenses, or a growth of ₱9.0 million or 84.5% from same period last year of ₱10.6 million.

BCGLC Operations
YTD - September 30, 2017 vs. September 30, 2016

BCGLC generated gross revenues from slot machines totaling ₱339.3 million for the nine months ended of 2017. The significant growth was due to higher revenues generated. Total operating expenses likewise increased from ₱157.2 million to ₱207.7 million. For the period ended 30 September 2017, BCGLC reported a net income of ₱105.9 million, a growth of ₱53.7 million or 102.8% from same period last year of ₱52.2 million.

FCLRC Operations
YTD - September 30, 2017 vs. September 30, 2016

FCLRC's generated gross revenues for the nine months ended of 2017 amounting to ₱351.2 million, a significant decrease of ₱1,097.5 million or 75.8% from last year's figures of ₱1,448.7 million.

Total costs and operating expenses of ₱327.5 million decreased by ₱505.3 million or 60.7% from last year's figure of ₱832.8 million. The decrease is mainly due to decrease in direct costs, salaries and employee benefits, rentals and utilities, professional fees, and travel and transportation. The decrease in Other Income by ₱164.8 million or 85.8% from ₱192.2 million to ₱27.3 million was mainly due to the following: (1) decline in other income derived from the rental of gaming facility; (2) non-recognition of equity in net earnings of FCCDCI; and (3) partially offset by decrease in interest expense as compared to same period last year.

For the period ended 30 September 2017, FCLRC posted a net income (net of minority share) of ₱27.1 million, a ₱734.5 million or 96.4% decrease from the ₱761.6 million net income for the same period last year.

FCCDCI Operations
YTD - September 30, 2017 vs. September 30, 2016

FCCDCI's gross revenues for the period ended 30 September 2017 amounted to ₱508.8 million, an increase of ₱33.7 million or 7.1% from last year's figures of ₱475.1 million.

For the period ended 30 September 2017, FCCDCI posted a net income (net of minority share) of ₱88.8 million.

Total costs and operating expenses of ₱388.0 million increased by ₱67.2 million or 20.9% from last year's figure of ₱320.8 million. The increase is mainly due to increases in bandwidth and co-location costs relative to the increase in revenues, administrative salaries and benefits, contracted services, rentals and utilities, and advertising and marketing expenses.

ABLE Operations
YTD - September 30, 2017 vs. September 30, 2016

ABLE's total year-to-date revenues for the period ended 30 September 2017 amounted to ₱5,161.5 million, a decrease of ₱174.6 million or 3.3% from the ₱5,336.1 million total revenues for the same period last year. The slight decline in revenues was mainly due to the decrease in revenues generated from the following products: (1) E-Bingo by ₱53.9 million or 1.6%, (2) Traditional Bingo by ₱96.7 million or 5.5%, and (3) Rapid Bingo by ₱28.8 million or 14.2%.

Although Traditional Bingo is no longer the company's principal product-line, it contributed ₱1,672.6 million or 32.4% to total revenues.

E-Bingo revenues for the period ended 30 September 2017 contributed ₱3,291.8 million or 63.8% to total revenues.

Rapid Bingo revenues for the period ended 30 September 2017 contributed ₱173.7 million or 3.4% to total revenues.

For the period ended 30 September 2017, Pull Tabs and others contributed ₱23.5 million as compared to ₱18.6 million for the same period last year.

ABLE's total costs and operating expenses for the period ended 30 September 2017, amounted to ₱4,931.5 million, reflecting an increase of ₱53.2 million or 1.1% from ₱4,878.7 million for the same period in 2016. In general, the increase is mainly attributable to additional sites acquired during the period: (1) Repairs and maintenance by ₱8.1 million or 35%; (2) People expenses including contracted services by ₱31.7 million or 9.6%; (3) Rentals and utilities by ₱15.1 million or 2.9%; (4) Depreciation and amortization by ₱33.7 million or 22.6%; and (5) Taxes and licenses by ₱6.4 million or 14.2%.

For the period ended 30 September 2017, ABLE posted a net income (net of minority share) of ₱134.5 million, a ₱158.7 million or 54.1% decrease from the ₱293.2 million net income for the same period last year.

TGXI Operations
YTD - September 30, 2017 vs. September 30, 2016

For the period ended 30 September 2017, TGXI generated ₱172.2 million representing its share in revenues from the management and operation of the PAGCOR e-games stations (PeGS). Total operating expenses aggregated to ₱176.0 million which mainly consist of: (1) People expenses including contracted services of ₱69.7 million; (2) Rentals and utilities of ₱58.4 million; and (3) Depreciation of ₱25.2 million.

TGXI generated a net income of ₱0.1 million for period ended 30 September 2017, an improvement of ₱9.4 million from ₱9.3 million net loss of the same period last year.

ABLGI Operations
YTD - September 30, 2017 vs. September 30 2016

Net income for the period ended 30 September 2017 amounted ₱181.2 million which is lower than last year's ₱193.3 million.

LRLDI Operations
YTD - September 30, 2017 vs. September 30, 2016

LRLDI registered an increase in net income of ₱12.8 million or 155.7% from ₱8.2 million in 2016 to ₱21.1 million in 2017 primarily due to the net income generated by Techzone Philippines, Inc.

Total 2017 cost and operating expenses amounted to ₱10.1 million as compared to last year's ₱7.4 million due to increase in professional fees and real property tax paid during the period.

LRWC Consolidated Net Income
YTD - September 30, 2017 vs. September 30, 2016

As a result of the foregoing developments, LRWC posted a consolidated net income (net of minority share) as of the third quarter of 2017 amounting to ₱362.7 million resulting to a decline from last year's consolidated net income of ₱888.9 million. The decline of ₱526.3 million is largely due to the significant decrease in net income of its Online and Retail segments.

Financial Condition - September 30, 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 30 September 2017 amounted to ₱10,637.6 million, a decrease of ₱2,220.4 million or 16.1% as compared to last year's balance of ₱12,857.9 million. Significant decrease in assets was primarily due to Belle's repayment of the Advances to a casino project amounting to ₱3,762.0 million by virtue of the Termination Agreement executed.

Total liabilities decreased by ₱2,293.6 million mainly due to the ₱3,725.2 million loans settlement, partly offset by the increase in Trade and other payables amounting to ₱874.3 million and availment of additional short-term loans amounting to ₱667.4 million during the third quarter of the year.

Cash Flows - Nine Months Ended September 30, 2017 vs. September 30, 2016

Cash balance as of 30 September 2017 of ₱780.9 million increased during the period due to cash generated from operations and investments, more specifically on the settlement of advances made to Belle as part of the Termination agreement between ABLGI and Belle, netted by the cash used in financing activities, that is, settlement of the loans relative to the agreement with Belle and other short-term and long-term loans settled during the period.

Discussion and Analysis of Material Events and Uncertainties Known to Management

The Management of LRWC and subsidiaries 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 Cyber Park and Cagayan North International Airport.

FCCDCI is in the process of transferring its operations to LRDCSI. LRDCSI shall improve on what FCCDCI has started. Bandwidth and Data Center Services shall continue to be the primary revenue sources of LRDCSI. It shall continue to position its concentric value-added services as new revenue sources. Processes shall be improved. Strategic partnerships shall be leveraged to deliver unique or business-class solutions to customers.

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: ENG HUN CHUAH, President

Date: 11/10/17

Signature and Title: JOSE P. JAVIER, JR., Group CFO & Board Treasurer

Date: 11.10.17

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

Date: 11/10/2017

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		September 30	**December 31**
		2017	2016
	Schedule	**Unaudited**	Audited
ASSETS			
Current Assets			
Cash	*1*	**₱780,898,601**	₱712,997,230
Receivables - net	*2*	**860,700,526**	737,035,130
Advances to a casino project		**-**	3,762,000,000
Due from related parties		**-**	1,800,000
Prepaid expenses and other current assets	*3*	**193,141,498**	296,526,462
Total Current Assets		**1,834,740,625**	5,510,358,822
Noncurrent Assets			
Property and equipment - net	*4*	**2,214,026,840**	1,859,370,353
Investment properties - net	*5*	**126,948,953**	135,535,900
Investments and advances - net	*6*	**3,601,298,772**	2,788,265,122
Available for sale financial asset		**186,988,893**	182,396,184
Deferred tax assets - net		**487,263,317**	333,661,580
Goodwill - net		**1,492,940,392**	1,453,344,478
Other noncurrent assets - net	*7*	**693,400,327**	594,920,510
Total Noncurrent Assets		**8,802,867,494**	7,347,494,127
		₱10,637,608,119	₱12,857,852,949
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*8*	**₱1,505,020,802**	₱784,925,839
Short-term loans payable	*9*	**1,023,491,331**	1,189,324,000
Current portion of long-term loans payable	*9*	**173,837,253**	2,942,473,997
Current portion of obligations under finance lease		**746,480**	220,955
Due to a related party		**9,070,691**	9,070,691
Income tax payable		**210,805,454**	129,469,303
Total Current Liabilities		**2,922,972,011**	5,055,484,785
Noncurrent Liabilities			
Long-term loans payable - net of current portion	*9*	**313,051,153**	436,395,961
Retirement benefits liability		**111,593,966**	150,109,113
Obligations under finance lease - net of current portion		**796,730**	-
Rent deposits		**4,421,800**	4,421,800
Total Noncurrent Liabilities		**429,863,649**	590,926,874
		₱3,352,835,660	₱5,646,411,659

Forward

	September 30 2017 Unaudited	December 31 2016 Audited
Equity		
Equity Attributable to Owners of the Parent Company		
Capital stock	**₱2,849,852,512**	₱2,849,852,512
Additional paid-in capital - common	**1,114,028,555**	1,114,028,555
Treasury shares	**(82,066,266)**	(79,864,266)
Retirement benefits reserve	**(44,112,307)**	(44,112,307)
Fair value reserve	**80,861,309**	76,268,593
Foreign currency translation reserve	**(2,166,851)**	(434,274)
Other reserve	**(1,294,351)**	(1,294,351)
Equity reserve	**(26,632,383)**	-
Retained earnings	**2,712,413,824**	2,690,802,125
	6,600,884,042	6,605,246,587
Non-controlling Interests	**683,888,417**	606,194,703
Total Equity	**7,284,772,459**	7,211,441,290
	₱10,637,608,119	₱12,857,852,949

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)

	For the Nine Months Ended September 30		For the Three Months Ended September 30	
	2017	2016	**2017**	2016
REVENUES				
Electronic bingo	**₱3,291,768,647**	₱3,345,641,637	**₱1,043,746,301**	₱1,095,777,208
Traditional bingo	**1,672,553,292**	1,769,549,109	**550,387,668**	581,917,815
Service and hosting fees	**859,946,247**	1,448,671,267	**257,867,903**	514,597,082
Income from junket operations	**641,103,080**	687,179,032	**181,619,081**	199,272,405
Rent income	**346,612,118**	274,983,933	**114,050,410**	100,342,812
Commission income	**184,057,812**	210,339,066	**53,782,660**	61,627,755
Rapid bingo	**173,675,878**	202,524,342	**57,002,717**	58,205,150
Share in gaming revenue of a casino project	**74,828,992**	129,774,727	**-**	59,916,997
Compensation fee from a casino project	**65,995,956**	100,869,307	**-**	33,623,102
Pull tabs	**11,683,153**	12,318,589	**4,656,984**	4,518,019
	7,322,225,175	8,181,851,009	**2,263,113,724**	2,709,798,345
COSTS AND OPERATING EXPENSES				
Franchise fees and taxes	**2,950,984,676**	3,517,798,046	**920,407,298**	1,154,746,502
Payouts - traditional bingo	**1,178,814,711**	1,209,306,614	**391,589,671**	399,417,146
Rent	**505,416,588**	507,756,826	**170,630,038**	162,466,724
Salaries and other benefits	**445,042,762**	436,040,843	**152,129,851**	142,804,417
Contracted services	**364,751,961**	333,779,374	**124,561,926**	118,941,686
Bandwidth and co-location	**354,280,940**	-	**117,709,777**	-
Depreciation and amortization	**322,286,355**	252,239,369	**113,267,197**	92,156,475
Communications and utilities	**226,661,015**	219,941,593	**75,016,276**	68,578,469
Advertising and promotion	**177,824,232**	159,135,508	**59,737,326**	58,597,273
Taxes and licenses	**107,547,420**	64,232,737	**35,081,863**	14,379,214
Professional fees and directors' fees	**84,911,412**	100,743,457	**32,813,631**	36,845,209
Repairs and maintenance	**58,102,336**	44,273,645	**19,648,599**	22,413,599
Office and store supplies	**49,915,143**	47,842,249	**18,755,170**	22,104,258
Transportation and travel	**48,037,012**	48,303,095	**13,017,599**	12,984,065
Others	**211,580,123**	159,318,151	**33,975,121**	34,388,430
	7,086,156,686	7,100,711,507	**2,278,341,343**	2,340,823,467
OPERATING INCOME (LOSS)	**₱236,068,489**	1,081,139,502	**(₱15,227,619)**	₱368,974,878

Forward

	For the Nine Months Ended September 30		For the Three Months Ended September 30	
	2017	2016	**2017**	2016
OTHER INCOME (EXPENSES) – Net				
Finance expense	**(₱121,019,627)**	(₱294,103,836)	**(₱20,257,729)**	(₱94,203,750)
Finance income	**44,559,972**	215,496,696	**1,796,577**	71,745,586
Equity in net earnings of joint ventures and associates	**50,304,337**	123,975,628	**14,539,745**	31,972,163
Other income	**246,377,252**	180,208,576	**11,447,465**	55,707,244
	220,221,934	225,577,064	**7,526,058**	65,221,243
INCOME (LOSS) BEFORE INCOME TAX	**456,290,423**	1,306,716,566	**(7,701,561)**	434,196,121
INCOME TAX EXPENSE (BENEFIT)	**55,568,191**	180,476,551	**(19,454,283)**	56,046,269
NET INCOME	**₱400,722,232**	₱1,126,240,015	**₱11,752,722**	₱378,149,852
Attributable to:				
Owners of the Parent Company	**₱362,674,573**	₱888,944,357	**₱1,067,868**	₱288,639,477
Non-controlling interest	**38,047,659**	237,295,658	**10,684,854**	89,510,375
	₱400,722,232	₱1,126,240,015	**₱11,752,722**	₱378,149,852
OTHER COMPREHENSIVE INCOME				
Items that will be reclassified to profit or loss				
Revaluation of available for sale financial assets	**4,592,716**	-	**-**	-
TOTAL COMPREHENSIVE INCOME	**₱405,314,948**	₱1,126,240,015	**₱11,752,722**	₱378,149,852
Attributable to:				
Owners of the Parent Company	**₱367,267,289**	₱888,944,357	**₱1,067,868**	₱288,639,477
Non-controlling interest	**38,047,659**	237,295,658	**10,684,854**	89,510,375
	₱405,314,948	₱1,126,240,015	**₱11,752,722**	₱378,149,852
Basic Earnings Per Share	**₱0.2502**	₱0.6850	**(₱0.0550)**	₱0.1847
Diluted Earnings Per Share	**₱0.2345**	₱0.6419	**(₱0.0515)**	₱0.1731

See next page for computation of earnings per share.

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

	For the Nine Months Ended September 30	
	2017	2016
Net Income attributable to Parent Company	**₱367,267,289**	₱888,944,357
Dividends on preferred shares	**(70,125,000)**	(70,125,000)
Effect of AFS - preferred shares held by ABLE	**3,102,500**	3,102,500
Income attributable to ordinary stockholders of the Parent Company (a)	**300,244,789**	821,921,857
Adjusted weighted average number of shares outstanding (b)	**1,199,852,512**	1,199,852,512
Basic earnings per share (a/b)	**₱0.2502**	₱0.6850

	For the Three Months Ended September 30	
	2017	2016
Net Income attributable to Parent Company	**₱1,067,868**	₱288,639,477
Dividends on preferred shares	**(70,125,000)**	(70,125,000)
Effect of AFS - preferred shares held by ABLE	**3,102,500**	3,102,500
Income attributable to ordinary stockholders of the Parent Company (a)	**(65,954,632)**	221,616,977
Adjusted weighted average number of shares outstanding (b)	**1,199,852,512**	1,199,852,512
Basic earnings per share (a/b)	**(₱0.0550)**	₱0.1847

Diluted earnings per share is computed as follows:

	For the Nine Months Ended September 30	
	2017	2016
Income attributable to ordinary stockholders of the Parent Company *(a)*	**₱300,244,789**	₱821,921,857
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)	**₱0.2345**	₱0.6419

**Adjusted for the convertible preferred shares.*

	For the Three Months Ended September 30	
	2017	2016
Income attributable to ordinary stockholders of the Parent Company *(a)*	**(₱65,954,632)**	₱221,616,977
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)	**(₱0.0515)**	₱0.1731

**Adjusted for the convertible preferred shares.*

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

For the Nine Months Ended September 30, 2017

	Capital Stock		Attributable to Owners of the Parent Company										
	Common Shares	**Preferred Shares**	**Additional Paid-in Capital - Common**	**Treasury Shares**	**Retirement Benefits Reserve**	**Fair Value Reserve**	**Foreign Currency Translation Reserve**	**Other Reserve**	**Equity Reserve**	**Retained Earnings**	**Total**	**Non-controlling Interests**	**Total Equity**
Balance at January 1, 2017	**₱1,199,852,512**	**₱1,650,000,000**	**₱1,114,028,555**	**(₱79,864,266)**	**(₱44,112,307)**	**₱76,268,593**	**(₱434,274)**	**(₱1,294,351)**	**₱ -**	**₱2,690,802,125**	**₱6,605,246,587**	**₱606,194,703**	**₱7,211,441,290**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**362,674,573**	**362,674,573**	**38,047,659**	**400,722,232**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**4,592,716**	**-**	**-**	**-**	**-**	**4,592,716**	**-**	**4,592,716**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**4,592,716**	**-**	**-**	**-**	**362,674,573**	**367,267,289**	**38,047,659**	**405,314,948**
Acquisition of non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(1,732,577)**	**-**	**(26,632,383)**	**-**	**(28,364,960)**	**39,646,055**	**11,281,095**
Treasury shares acquired	**-**	**-**	**-**	**(2,202,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,202,000)**	**-**	**(2,202,000)**
Cash dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(341,062,874)**	**(341,062,874)**	**-**	**(341,062,874)**
Balance at September 30, 2017	**₱1,199,852,512**	**₱1,650,000,000**	**₱1,114,028,555**	**(₱82,066,266)**	**(₱44,112,307)**	**₱80,861,309**	**(₱2,166,851)**	**(₱1,294,351)**	**(₱26,632,383)**	**₱2,712,413,824**	**₱6,600,884,042**	**₱683,888,417**	**₱7,284,772,459**

For the Nine Months Ended September 30, 2016

	Capital Stock		Attributable to Owners of the Parent Company									
	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	₱1,199,852,512	₱1,650,000,000	₱1,114,028,555	(₱71,142,419)	(₱40,936,438)	₱9,783,653	(₱434,274)	(₱1,294,351)	₱1,948,895,695	₱5,808,752,933	₱413,888,210	₱6,222,641,143
Net income for the period	-	-	-	-	-	-	-	-	888,944,357	888,944,357	237,295,659	1,126,240,016
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	888,944,357	888,944,357	237,295,659	1,126,240,016
Cash dividends	-	-	-	-	-	-	-	-	(250,102,876)	(250,102,876)	(84,896,000)	(334,998,876)
Treasury shares acquired	-	-	-	(8,721,847)	-	-	-	-	-	(8,721,847)	-	(8,721,847)
Balance at September 30, 2016	₱1,199,852,512	₱1,650,000,000	₱1,114,028,555	(₱79,864,266)	(₱40,936,438)	₱9,783,653	(₱434,274)	(₱1,294,351)	₱2,587,737,176	₱6,438,872,567	₱566,287,869	₱7,005,160,435

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

	Schedule	For the Nine Months Ended September 30 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱456,290,423**	₱1,306,716,566
Adjustments for:			
Depreciation and amortization	*4*	**322,286,355**	246,319,088
Finance expense		**121,019,627**	294,103,836
Finance income		**(44,559,972)**	(396,696)
Equity in net earnings of joint ventures and associate		**(50,304,337)**	(123,975,628)
Retirement benefits		**(38,515,147)**	-
Operating income before working capital changes		**766,216,949**	1,722,767,166
Decrease (increase) in:			
Receivables		**(38,257,963)**	(137,824,884)
Prepaid expenses and other current assets		**119,651,510**	(23,924,285)
Increase in trade and other payables		**280,012,646**	31,292,673
Cash generated from operations		**1,127,623,142**	1,592,310,670
Income taxes paid		**(120,682,314)**	(429,596,608)
Interest received		**44,559,972**	396,696
Interest paid		**(121,019,627)**	(294,103,836)
Net cash provided by operating activities		**930,481,173**	869,006,922
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	*4*	**(574,682,330)**	(592,971,006)
Goodwill		**(39,595,914)**	-
Decrease (increase) in:			
Advances to a casino project		**3,762,000,000**	-
Investments and advances		**(762,729,306)**	195,547,314
Due from related parties		**-**	13,181,382
Other noncurrent assets		**(82,322,196)**	(75,011,740)
Increase in noncontrolling interests		**39,646,055**	-
Effects of business combination		**63,170,361**	-
Net cash provided by (used in) investing activities		**2,405,486,670**	(459,254,050)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans payable		**1,032,350,000**	-
Payments of loans payable		**(4,150,741,889)**	(233,179,976)
Additions to obligations under finance lease		**1,322,255**	1,617,392
Dividends paid		**(147,062,261)**	(250,102,876)
Treasury shares acquired		**(2,202,000)**	(8,721,847)
Net cash used in financing activities		**(3,266,333,895)**	(490,387,307)
EFFECT OF EXCHANGE RATE CHANGES ON CASH		**(1,732,577)**	-
NET INCREASE (DECREASE) IN CASH		**67,901,371**	(80,634,435)
CASH AT BEGINNING OF PERIOD		**712,997,230**	338,802,542
CASH AT END OF PERIOD		**₱780,898,601**	₱258,168,107

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Unaudited Consolidated Financial Statements
As of September 30, 2017

SCHEDULE 1 - Cash

	2017	2016
Cash on hand and payout funds	**₱107,555,113**	₱76,523,976
Cash in banks	**673,343,488**	636,473,254
	₱780,898,601	₱712,997,230

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	₱154,183,667	₱94,135,190	₱4,906,500	₱3,412,000	₱51,729,977	₱ -
Receivable from Locators	138,671,515	89,045,929	49,625,586	-	-	-
Commission receivable	166,883,271	163,480,488	2,944,139	458,644	-	-
	459,738,453					
Allowance for impairment	(59,870,581)					
Net Trade Receivables	399,867,872					
Non-trade Receivables						
Advances to employees	23,012,553	18,585,935	-	4,279,849	146,769	-
Management fee	86,718,657	2,550,000	850,000	6,800,000	76,518,657	-
Receivable from concessionaires	55,105,775	27,722,895	14,103,820	3,879,340	9,399,720	
Others	317,338,311	44,349,704	77,946,139	6,464,672	188,577,796	-
	482,175,296					
Allowance for impairment	(21,342,642)	-	-	-	-	-
Net Non-trade Receivables	460,832,654					
Total Accounts Receivable	**₱860,700,526**					

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

SCHEDULE 3 - Prepaid Expenses and Other Current Assets

	2017	2016
Prepaid expenses	**₱128,539,350**	₱110,908,868
Bingo cards and supplies	**38,079,634**	35,044,044
Advances to contractors and suppliers	**13,448,824**	123,998,588
Input value-added tax (VAT)	**3,215,978**	21,700,593
Others	**9,857,712**	4,874,369
	₱193,141,498	₱296,526,462

SCHEDULE 4 - Property and equipment - net

	Land	Leasehold Improvements	Aircraft and Transportation Equipment	Bingo Equipment and Paraphernalia	Office Furniture, Fixtures and Equipment	Condominium Unit	Total
Cost							
January 1, 2016	₱185,546,674	₱866,670,507	₱447,031,050	₱323,487,630	₱429,492,923	₱7,146,816	₱2,259,375,600
Additions	-	308,410,183	41,336,014	246,000,261	100,345,941	-	696,092,399
Retirement of assets	-	(16,089,311)	-	-	(16,022,604)	-	(32,111,915)
December 31, 2016	185,546,674	1,158,991,379	488,367,064	569,487,891	513,816,260	7,146,816	2,923,356,084
Additions	-	103,722,140	8,951,857	369,530,367	92,477,966	-	574,682,330
Assets acquired through business combination	814,000	18,213,177	3,273,214	-	230,538,405	-	252,838,796
September 30, 2017	**₱186,360,674**	**₱1,280,926,696**	**₱500,592,135**	**₱939,018,258**	**₱836,832,631**	**₱7,146,816**	**₱3,750,877,210**
Accumulated Depreciation and Amortization							
January 1, 2016	-	353,128,697	96,642,413	34,145,995	241,687,945	3,231,786	728,836,836
Depreciation and amortization	-	188,325,804	27,364,823	80,807,418	44,863,029	2,022,920	343,383,994
Retirement of assets	-	(4,458,651)	-	-	(3,776,448)	-	(8,235,099)
December 31, 2016	-	536,995,850	124,007,236	114,953,413	282,774,526	5,254,706	1,063,985,731
Depreciation and amortization	-	119,812,709	28,026,989	94,530,347	78,024,200	1,892,110	322,286,355
Assets acquired through business combination	-	18,094,895	2,475,250	-	130,008,139	-	150,578,284
September 30, 2017	**-**	**674,903,454**	**154,509,475**	**209,483,760**	**490,806,865**	**7,146,816**	**1,536,850,370**
Carrying Amount							
December 31, 2016	₱185,546,674	₱621,995,529	₱364,359,828	₱454,534,478	₱231,041,734	₱1,892,110	₱1,859,370,353
September 30, 2017	**₱186,360,674**	**₱606,023,242**	**₱346,082,660**	**₱729,534,498**	**₱346,025,766**	**₱ -**	**₱2,214,026,840**

SCHEDULE 5 - Investment Properties - net

	Land Improvements	Building	Total
Cost			
January 1, 2017	**₱46,000,000**	**₱143,751,191**	**₱189,751,191**
Accumulated Depreciation			
January 1, 2016	11,411,370	33,854,647	45,266,017
Depreciation	2,831,776	6,117,498	8,949,274
December 31, 2016	14,243,146	39,972,145	54,215,291
Depreciation	1,725,000	6,861,947	8,586,947
September 30, 2017	**15,968,146**	**46,834,092**	**62,802,238**
Carrying Amount			
December 31, 2016	₱31,756,854	₱103,779,046	₱135,535,900
September 30, 2017	**₱30,031,854**	**₱96,917,099**	**₱126,948,953**

SCHEDULE 6 - Investments and Advances - net

	Percentage of Ownership	**2017**	Percentage of Ownership	2016
Investments				
Associates:				
Binondo Leisure Resources, Inc. (BLRI)				
Preferred shares		**₱20,000,000**		₱20,000,000
Common shares	**30%**	**1,200,000**	30%	1,200,000
Techzone Philippines, Inc. (TPI)				
Common shares	**50%**	**250,000,000**	50%	250,000,000
		271,200,000		271,200,000
Accumulated equity in net earnings:				
Balance at beginning of year		**260,889,049**		190,711,218
Share in net income from TPI		**20,542,232**		70,177,831
		281,431,281		260,889,049
Balance at end of the period		**552,631,281**		532,089,049
Joint ventures:				
First Cagayan Converge Data Center, Inc. (FCCDCI)	**60%**	**15,000,000**	60%	15,000,000
HEPI	**51%**	**750,938,000**	51%	750,938,000
Derecognition of investment in FCCDCI		**(15,000,000)**		-
		750,938,000		765,938,000
Accumulated equity in net income:				
Balance at beginning of year		**175,525,284**		145,856,523
Derecognition of share in net income from FCCDCI		**(51,284,625)**		98,527,205
Share in net income from HEPI		**29,762,105**		45,141,556
		(21,522,520)		143,668,761
Dividends declared by FCCDCI		**-**		(114,000,000)
		154,002,764		175,525,284
Balance at end of the period		**904,940,764**		941,463,284

	Percentage of Ownership	2017	Percentage of Ownership	2016
Advances:				
AB Fiber Corp.		**31,696,665**		31,696,665
BLRI		**101,741,925**		144,241,925
Cagayan Land Property Development Corporation (CLPDC)		**153,118,171**		153,118,171
Cagayan Premium Ventures Development Corporation (CPVDC)		**848,468,887**		751,633,071
HEPI		**429,330,853**		294,466,457
Advances for land project		**608,318,585**		-
Others		**31,495,141**		-
		2,204,170,227		1,375,156,289
Allowance for impairment losses		**(61,200,000)**		(61,200,000)
		2,142,970,227		1,313,956,289
		3,600,542,272		2,787,508,622
Other investments - at cost		**756,500**		756,500
		₱3,601,298,772		₱2,788,265,122

Advances for land project pertains to payments made to various land owners for future site/project development.

SCHEDULE 7 - Other Noncurrent Assets

	2017	2016
Rental deposits	**₱347,777,932**	₱330,662,339
Cash performance bonds	**205,674,224**	176,860,000
Performance cash deposits and betting credit funds	**52,550,000**	-
Airstrip improvements - net	**40,279,488**	40,279,488
Lease rights	**30,000,000**	30,000,000
Advanced regulatory fee on ICBG2	**12,864,993**	12,864,993
Operating licenses	**4,253,690**	4,253,690
	₱693,400,327	₱ 594,920,510

SCHEDULE 8 - Trade and Other Payables

	2017	2016
Payable to contractors and suppliers	**₱418,131,475**	₱ -
Unearned revenues	**130,458,817**	158,388,065
Customer's deposit	**100,570,896**	-
Payable to CEZA	**97,125,453**	44,280,424
Payable to government agencies	**53,096,963**	71,874,516
Payable to PAGCOR	**23,212,198**	84,905,396
Rent payable	**13,624,395**	42,763,340
Accrued expenses and other payables:		
Dividends payable	**383,234,967**	189,634,352
Payable to machine owners	**146,366,697**	51,852,057
Contracted services	**111,251,256**	62,729,529
Salaries, wages and benefits	**25,230,531**	15,140,999
Communications and utilities	**2,717,154**	19,759,660
Interest payable	**-**	17,549,404
Others	**-**	26,048,097
	₱1,505,020,802	₱784,925,839

SCHEDULE 9 - Short-Term and Long-Term Loans Payable

Short-term Loans Payable	**2017**
UCPB	**₱297,000,000**
BDO	**293,450,000**
AUB	**341,000,000**
PBCOM	**92,041,331**
	₱1,023,491,331

Long-term Loans Payable	**2017**
Current Portion	
AUB	**₱130,000,000**
BDO	**34,720,782**
UB	**9,116,471**
Noncurrent Portion	
AUB	**216,666,667**
BDO	**85,222,629**
AUB	**11,161,857**
	₱486,888,406

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Financial Soundness Indicators
As of September 30, 2017 and 2016

Key Performance Indicator	Formula	2017	2016
Current Ratio	Current Assets / Current Liabilities	62.8%	36.2%
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	46.0%	99.4%
Asset to Equity Ratio	Total Assets / Stockholders' Equity	146.0%	199.4%
Payout Turnover	Traditional Bingo Revenues / Payout	1.42 times	1.46 times
Return on Average Equity	Net Income* / Average Stockholders' Equity	7.4%	17.0%
Return on Average Assets	Net Income* / Average Total Assets	4.5%	8.2%
Solvency Ratio	Net Income* + Depreciation* / Total Liabilities	28.8%	19.8%
Interest Coverage Ratio	Income* Before Interest & Tax / Interest Expense	1.3	5.0
Net Book Value Per Share	Stockholders' Equity / Weighted Average Shares Outstanding	6.1	5.84
Basic Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	0.2502	0.6850
Diluted Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding**	0.2345	0.6419

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

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Segment Information
As of and for the period ended September 30, 2017

The Group operates in four (4) reportable business segments namely: the online group, casino group, retail group and investment 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 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 eGames 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 in 2017 is as follows:

	Casino Group	Online Group	Retail Group	Property Group	Others	Eliminations	Consolidated
Net Revenues							
External revenue	**₱980,385,758**	**₱859,946,247**	**₱5,333,738,783**	**₱148,964,387**	**₱ -**	**(₱810,000)**	**₱7,322,225,175**
Results							
Segment results	**130,846,489**	**144,428,307**	**225,697,611**	**57,963,474**	**-**	**8,099,688**	**567,035,569**
Unallocated corporate expenses	**-**	**-**	**-**	**-**	**(330,967,080)**	**-**	**(330,967,080)**
Results from Operating Activities							**236,068,489**
Finance income	**(48,496)**	**(10,209,470)**	**(34,623,345)**	**(46,635,231)**	**(29,503,085)**	**-**	**(121,019,627)**
Finance expense	**29,468**	**139,143**	**33,423**	**44,351,583**	**6,355**	**-**	**44,559,972**
Rent/other income	**(1,426,517)**	**35,478,286**	**6,944,484**	**203,639,697**	**508,881,821**	**(507,140,519)**	**246,377,252**
Equity in net earnings of joint ventures	**-**	**-**	**-**		**29,762,105**	**-**	**29,762,105**
Equity in net earnings of an associate	**-**	**-**	**-**	**20,542,232**		**-**	**20,542,232**
Unrealized gain on AFS	**-**	**-**	**-**	**-**	**4,592,716**	**-**	**4,592,716**
Income taxes	**(3,851,764)**	**(19,947,109)**	**(59,415,652)**	**(77,576,511)**	**108,222,596**	**(2,999,751)**	**(55,568,191)**
Total Comprehensive Income	**125,549,180**	**149,889,157**	**138,636,521**	**202,285,244**	**290,995,428**	**(502,040,582)**	**₱405,314,948**
Other Information							
Segment assets	**₱1,330,800,728**	**₱3,001,526,176**	**₱2,678,318,917**	**₱3,933,172,[illegible]**	**₱6,144,991,302**	**(₱6,451,201,493)**	**₱10,637,608,119**
Total Assets							**₱10,637,608,119**
Segment liabilities	**₱1,074,006,764**	**₱1,018,320,184**	**₱1,977,194,876**	**₱1,577,223,735**	**₱1,725,700,290**	**(₱4,019,610,189)**	**₱3,352,835,660**
Total Liabilities							**₱3,352,835,660**
Capital expenditures	**₱307,121,638**	**₱39,974,774**	**₱155,591,479**	**₱18,434,024**	**₱53,560,415**	**₱ -**	**₱574,682,330**
Depreciation and amortization	**57,434,794**	**29,510,776**	**208,176,525**	**4,780,077**	**22,384,183**	**-**	**322,286,355**

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 benefits liability, and due to related parties. Capital expenditures on noncurrent assets represent additions to property and equipment and investment properties. Noncash expenses pertain to depreciation and amortization expense attributable to reportable segments.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Notes to Interim Consolidated Financial Statements
As of and for the period ended September 30, 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 (PFRSs).

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.

   Financial Instruments
   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 derecognition, 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, AFS financial assets, FVPL financial assets, and loans and receivables. The Group classifies its financial liabilities as either financial liabilities at FVPL 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 at September 30, 2017 and December 31, 2016.

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

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

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

   The Group's cash, receivables, due from related parties, advances to a casino project, rental deposits, performance cash deposits and betting credit funds, advanced regulatory fee on ICBG2 and cash performance bonds, included under "Other noncurrent assets" account are included in this category.

   AFS Financial Assets. AFS financial assets are non-derivative financial asset that are either designated in this category or not classified in any of the other financial asset categories. Subsequent to initial recognition, AFS financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS debt instruments, are recognized in other comprehensive income and presented in the "Fair value reserve" in equity. Dividends earned on holding

AFS equity securities are recognized as dividend income when the right to receive the payment has been established. When individual AFS financial asset is either derecognized or impaired, the related accumulated unrealized gains or losses previously reported in equity are transferred to and recognized in profit or loss.

The Group's investment in equity security included under "AFS financial asset" account is classified under this category.

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

The Group's trade and other payables, due to related parties, rent deposits, and short-term and long-term loans are included in this category.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

Financial Risk and Capital Management Objectives and Policies

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

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

The BOD has a Risk Oversight Committee which is responsible for overseeing and managing risk that the Group may encounter. They develop proper strategies and measures to avoid or at least minimize such risk incorporating the Group's established risk management policies.

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

The BOD constituted the Group's Audit Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the Group's financial statements and financial reporting process and the Group's systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the Group's financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance by the Group with legal and regulatory requirements, including the Group's disclosure control and procedures; e) evaluation of management's process to assess and manage the Group's enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit Committee shall also prepare the reports required to be included in the Group's annual report. The results of procedures performed by Internal Audit are reported to the Audit Committee. On the other hand, the Audit Committee reports all the issues identified over the financial reporting of the Group to the BOD on a regular basis.

Credit Risk

Credit risk represents the risk of loss the Group would incur if customers and counterparties fail to perform their contractual obligations. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk. Further, the Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

	2017	2016
Loans and receivables:		
Cash in banks	**₱673,343,488**	₱636,473,254
Receivables - net	**860,700,526**	737,035,130
Rental deposits	**347,777,932**	330,662,339
Cash performance bonds	**205,674,224**	176,860,000
Performance cash deposits and betting credit funds	**52,550,000**	-
Due from related parties	**-**	1,800,000
Advances to a casino project	**-**	3,762,000,000
	2,140,046,170	5,644,830,723
AFS financial asset	**186,988,893**	182,396,184
	₱2,327,035,063	₱5,827,226,907

Financial information on the Group's maximum exposure to credit risk as at September 30, 2017 and December 31, 2016, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

Cash in Banks

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

Receivables

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

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

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

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

Rental 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//Performance Cash Deposits and Betting Credit Funds
The Group's exposure to credit risk is negligible as PAGCOR has sufficient funds to settle these upon the expiration of the respective license agreements.

AFS Financial Assets
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.

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

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

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.

The credit quality of the Group's neither past due nor impaired financial assets based on their historical experience with the corresponding third parties.

<u>Liquidity Risk</u>
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.

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.

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.

Interest Rate Risk

The Group's exposure to changes in interest rates relate primarily to the Group's short-term and long-term debt obligations.

Management is tasked to 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 loan interest rates based on PSDT-R2 plus a certain mark-up. The Group has not entered into interest rate swaps and options during 2017 and 2016.

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 the 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 of investments held by the Group, which are classified in the consolidated financial position as AFS financial asset.

Fair Values

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

Cash/Receivables/Due from Related Parties/Advances to a Casino Project/Rental Deposits/Cash Performance Bonds/Performance Cash Deposits and Betting Credit Funds/Trade and Other Payables/Due to a Related Party/Rental 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 deposits, cash performance bonds and performance cash deposits and betting credit funds approximate their fair values as management believes that the effect of discounting cash flows from these instruments is not significant.

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 approximate their carrying amount since the Group does not anticipate that the effect of discounting using the prevailing market rate is significant.

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 September 30, 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 at September 30, 2017 and December 31, 2016. The Group is not subject to externally-imposed capital requirements.

<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 statements of financial position.

Foreign Currency Transactions
Transactions denominated in foreign currencies are recorded in PHP using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated in PHP using the exchange rate at reporting date. Exchange rate differences arising from the settlement of monetary items at rates different from those at which they were initially recorded and restated at reporting date, are recognized n profit or loss in the period on which they arise.
Foreign currency gains and losses are reported on a net basis.

Adoption of New or Revised Standards, Amendments 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.

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 Philippine Peso (PHP) to be consistent with the reporting currency of the Group which is in PHP.

4. 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 30 September 2017 from the operations for the rest of the year.

5. 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.

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

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

8. On 29 May 2017, the BOD approved the declaration of cash dividend at the rate of 4.25% per share payable to all preferred stockholders of record as of 16 Jun 2017.

   On 29 June 2017 approved the declaration of cash dividend at P0.08 per share payable to all common stockholders of record as of 29 Sep 2017.

   On 29 June 2017 approved the declaration of cash dividend at P0.07 per share payable to all common stockholders of record as of 2 Mar 2018.

   Dividends paid as of 30 September 2017 amounted to ₱147.1 million.

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

10. 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	**2017**
Balance at beginning of the year	**₱1,189,324,000**
Availments	**667,350,000**
Payments	**(833,182,669)**
	₱1,023,491,331

Long-term Loans Payable	**2017**
Balance at beginning of the year	**₱3,378,869,957**
Availments	**-**
Payments	**(2,891,981,551)**
	486,888,406
Less current portion	**173,837,253**
	₱313,051,153

11. 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.

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

    <u>ABLE</u>
    During the interim period ended 30 September 2017, ABLE, through its wholly-owned subsidiaries, acquired four (4) sites for a total consideration of ₱47.0 million. The sites purchased qualified as businesses in accordance with PFRS which resulted into a total provisional goodwill of ₱39.6 million. Below are the provisional amounts of identifiable assets acquired:

Assets acquired	
Cash performance bonds	**₱5,500,000**
Refundable deposits	**1,103,000**
Other fixed assets	**801,087**
Total	**₱7,404,087**

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

    <u>LRWC</u>
    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	**₱45,582,977**
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	**₱26,632,382**

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

	September 30, 2016		
	As Previously Reported	**Adjustments**	**Pro-forma figures**
Consolidated Statements of Profit or Loss and Other Comprehensive Income			
Revenues	₱8,181,851,009	₱475,124,194	₱8,656,975,203
Income before income tax	1,306,716,566	89,993,574	1,396,710,140
Basic earnings per share	0.6850	0.0978	0.7828
Diluted earnings per share	0.6419	0.0915	0.7334

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

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