COVER SHEET

0	0	1	-	3	1	7	4				

SEC Registration Number

LEISURE & RESORTS WORLD

CORPORATION & SUBSIDIARIES

(Company's Full Name)

26th Floor, West Tower, PSE Center

Exchange Road Ortigas Center

Pasig City

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

MR. RIZALITO S. OADES
(Contract Person)

(02) 638-5557
(Company Telephone Number)

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

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2016

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. MAKATI 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. The Company is focusing its endeavor in supporting the productivity programs of its subsidiaries as grouped in the following segments: **RETAIL** (1) AB Leisure Exponent, Inc. (ABLE – 100% owned), (2) Total Gamezone Xtreme, Incorporated (TGXI – 100% owned); **CASINO** (3) Prime Investment Korea Inc. (PIKI – 100% owned), (4) Blue Chip Gaming and Leisure Corporation (BCGLC – 100% owned); **ONLINE** (5) First Cagayan Leisure and Resort Corporation (FCLRC – 69.68% owned); and **PROPERTY** (6) AB Leisure Global, Inc. (ABLGI – 100% owned); (7) LR Land Developers Inc. (LRLDI – 100% owned).

Based on PFRS 3, Business Combination, LRWC has not amortized the goodwill on its investments in its subsidiaries. Instead, PFRS 3 requires for an annual test for goodwill impairment. On the basis of the test for impairment of goodwill, there is no need to provide an allowance for impairment for the third quarter of 2016.

LRWC's total operating expenses amounted to ₱107.2 million and ₱60.3 million during the third quarter of 2016 and 2015, respectively. As the Company's aim is to enable shared services functions that will provide consistent managerial and administrative services to all of its subsidiaries including marketing programs, continuous organizational changes are being made causing personnel cost to increase during the year driving operating expenses on a YTD basis to ₱283.6 million from ₱152.6 million of the same period last year. Other charges as of September 30, 2016 amounting to ₱2.8 million pertains to LRWC's net equity share in a joint venture partially offset by interest expense on loans.

LRWC recorded its 51% share in the net results of Hotel Enterprises of the Philippines, Inc. (HEPI) beginning the third quarter of 2013. For the third quarter of 2016, HEPI's performance lowered YTD share to ₱34.4 million versus last year's nine-month share of ₱57.9 million.

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

ABLE Operations
Third Quarter 2016 vs. Third Quarter 2015

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

Site Closures

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

The approval was based on the recommendation of PAGCOR's Gaming Licensing and Development Department (GLDD) and the legal opinion of its Corporate and Legal Services Department (CLSD) to honor the 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, arcades and hotels from the distance requirements.

In October, PAGCOR further allowed the re-opening of nine (9) E-Bingo sites bringing remaining closed sites to-date to seven (7).

Revenues

ABLE and its subsidiaries generated total revenues of ₱1,743.9 million for the third quarter of 2016, a significant improvement from the ₱1,527.7 million revenues for the same period last year. The increase is attributable to the revenue growth of: (1) Electronic Bingo (E-Bingo) by ₱217.3 million or 24.7%; (2) Traditional Bingo by ₱10.0 million or 1.8%; and (3) other bingo games by ₱3.9 million, partially offset by decrease in Rapid Bingo by ₱14.9 million or 20.4%.

E-Bingo has become the Company's principal product line as its contribution has been increasing faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. Despite site closures, expansion through acquisition and opening of new bingo outlets during the year still resulted to E-bingo's growth. For the third quarter of 2016, E-Bingo sales represented 62.8% of ABLE's total revenues or ₱1,095.8 million as compared to the 57.5% contribution amounting to ₱878.5 million during the same period last year.

Revenues from Traditional Bingo also grew from ₱571.9 million of last year's third quarter to ₱581.9 million this quarter representing 33.4% contribution to total revenues.

Rapid bingo, although declined by ₱14.9 million or 20.4% from third quarter of last year, still contributed ₱58.2 million or 3.3% to total revenues.

Overall, total Revenues grew by ₱216.2 million or 14.2%.

Expenses

ABLE's consolidated costs and operating expenses for the third quarter of 2016 amounting to ₱1,613.9 million increased by ₱234.0 million or 17.0% from ₱1,380.0 million in the third quarter of 2015. The relative growth of revenues resulted to corresponding increase in Franchise fees and taxes and Payouts amounting to ₱145.3 million and ₱1.6 million respectively. The opening of several new bingo parlors during the year also resulted to higher operating costs such as: (1) Rent and Utilities by ₱28.1 million; (2) Depreciation by ₱24.4 million; (3) People expenses by ₱19.6 million; and Others, mainly consisting of Repairs and maintenance, by ₱12.9 million. The resulting expense from "Other Income (Charges)" account for the quarter amounting to ₱14.2 million is mainly attributable to interest expense payments for bank borrowings.

Net Income

Due to closures of some sites in September, Revenues improved only slightly as compared to the same quarter last year, while the corresponding increase in Expenses was higher causing ABLE's posted consolidated net income (net of minority share) for the quarter of ₱78.0 million to decline by ₱15.6 million or 16.7%.

TGXI Operations
Third Quarter 2016 vs. Third Quarter 2015

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

Solutions, Inc. (DSI), the operator and licensee of Philippine Amusement and Gaming Corporation (PAGCOR) e-games stations.

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

Site Closures

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

The following month, TGXI received notices from PAGCOR informing that the PAGCOR's Board of Directors issued an order to 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 Gaming Site Regulatory Manual (GSRM) for Electronic Games version 2.0. In response, LRWC sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, the Electronic Games operations at said sites will be transferred to compliant locations.

In October and November, PAGCOR allowed the re-opening of three (3) sites. To-date, TGXI has 37 operating sites.

Net Income

Due to the aforementioned closures, TGXI recognized ₱58.1 million revenues or a decline of ₱17.6 million or 23.2% in the third quarter of 2016 representing its share in revenues from the management and operation of the PAGCOR e-games stations (PeGS). Total operating expenses however, grew by ₱10.4 million as compared to last year's third quarter to ₱77.0 million mainly due to increase in: (1) Depreciation of ₱4.5 million; (2) Repairs and maintenance of ₱1.3 million; and (3) Advertising and promotion of ₱3.0 million.

For the third quarter of 2016, TGXI registered a net loss of ₱13.2 million, a reversal of ₱19.6 million from same period last year's net income of ₱6.4 million.

FCLRC Operations
Third Quarter 2016 vs. Third Quarter 2015

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

FCLRC generated ₱514.6 million gross revenues for the third quarter of 2016, representing a ₱100.6 million or 24.3% increase from last year's third quarter of ₱414.0 million. The improvement in revenues is mainly due to the increase in the number of operational locators – 139 for this year as against 107 last year as well as the net increase in locators' revenues. Hosting fees from restrictive and interactive gaming locators contributed ₱452.1 million or 87.9% of total revenues, while license application and renewal fees accounted for P62.5 million or 12.1%. Hosting fees of ₱367.4 million during the third quarter of 2015 increased by ₱84.7 million or 23.1% while license application fees increased by ₱15.9 million or 34.1% from ₱46.6 million during the same period.

FCLRC posted a net income of ₱287.2 million for the third quarter of 2016, a ₱52.5 million or 22.3% increase versus last year's ₱234.8 million. Operating expenses of ₱45.2 million is at the same level as last year's ₱45.6 million and is mainly comprised of: (1) People expenses of ₱11.1 million; (2) Marketing and travel of ₱10.3 million; (3) Rent and utilities of ₱6.8 million; (4) Professional fees of ₱6.5 million; and (5) Depreciation of ₱9.4 million.

First Cagayan Converge Data Center, Inc. (FCCDCI), a 60% owned subsidiary of FCLRC, posted a net income of ₱44.5 million and ₱30.0 million during the third quarters of 2016 and 2015, respectively, a ₱14.9 million or 50.1% improvement due to higher posted revenues partially offset by an increase in direct costs and operating expenses.

PIKI Operations
Third Quarter 2016 vs. Third Quarter 2015

PIKI started its commercial operations on July 26, 2013. Together with Philippine Amusement and Gaming Corporation (PAGCOR), PIKI executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City.

During the third quarter of 2016, PIKI generated a net loss ₱4.5 million almost doubling last year's third quarter net loss of ₱2.3 million. This is mainly due to lower net revenues during the quarter from low GGR and turnover.

BCGLC Operations
Third Quarter 2016 vs. Third Quarter 2015

The Group acquired 70% of BCGLC's outstanding capital stock on April 27, 2011. BCGLC operates a Slot Arcade at the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga under a license issued by the Philippine Amusement and Gaming Corporation (PAGCOR).

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

On December 1, 2015, LRWC purchased the remaining 30% or 11,250 shares from BCGLC's minority stockholders bringing its total ownership to 100%.

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

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

On January 28, 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.

For the quarter ended September 30, 2016, consolidated BCGLC gross revenues grew to ₱101.7 million with 5 sites from ₱17.4 million last year with only one location. Operating expenses likewise increased to ₱53.0 million from ₱10.8 million for the same period last year. This resulted to a reversal to ₱32.9 million net income of last quarter's ₱2.1 million net loss.

ABLGI Operations
Third Quarter 2016 vs. Third Quarter 2015

On January 14, 2011, LRWC and the ABLGI entered into several agreements (the "ABLGI Agreements") with Belle Corporation (Belle) and Premium Leisure and Amusement, Inc. (PLAI) for the leasing, fit out, and operation of an integrated casino development project to be located at Aseana Business Park, Paranaque City (the "Project"). PLAI is a member of a consortium composed of SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Development Corporation, SM Commercial Properties, Inc., and PLAI, which was granted a Provisional License by PAGCOR to establish and operate a casino to be located within the Manila Bay Reclamation Area.

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

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

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

Last November 4, 2016, Belle Corporation and Premium Leisure and Amusement, Inc. ("Belle group") signed an 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 will pay the LRWC group a total of ₱5.09 billion, with ₱1.018 billion 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.

Net Income

For the third quarter of 2016, ABLGI reported a net income of ₱78.5 million. Total revenue from the Project amounted to ₱165.2 million comprised of: (1) share in lease income of ₱105.3 million of which ₱71.7 million was booked under interest income while ₱33.6 million formed part of revenues as compensation fee and (2) share in gaming revenue of ₱59.9 million. On the other hand, interest expense incurred during the quarter attributable to long-term borrowings to finance contribution to Belle Corporation increased to ₱50.4 million from the same period last year of ₱35.5 million due to the additional loan availed in December of 2015 for Belle's additional capital call. Operating expenses during the quarter remained on same level as last year's third quarter.

LRLDI Operations
Third Quarter 2016 vs. Third Quarter 2015

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

LRLDI is 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, 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 is also in a joint venture property development project in Makati City with Total Consolidated Asset and Management, Inc. called Techzone Philippines, Inc (TPI). The newly constructed TechZone building is a world-class BPO center with offices for various BPO locators not limited to the licensees of First Cagayan Leisure and Resort Corporation (FCLRC).

During the third quarter of 2016, LRLDI's net income of ₱1.7 million was significantly lower than last year's ₱104.5 million due to nonrecurring revenues recognized by TPI in the previous year from sale of office units. Income from operations likewise declined due to the temporary closure of one of its lessees.

LRWC Consolidated Net Income

For the third quarter of 2016, LRWC posted a consolidated net income (net of minority share) of ₱288.6 million or a 17.0% decline from last year's third quarter consolidated net income of ₱347.6 million. The decline is mainly due to last year's significantly higher share in TPI for nonrecurring revenues partially offset by growth of BCGLC from four newly acquired sites, FCLRC from growing revenue of locators, and ABLGI as last year's revenues were reduced by abatements.

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

Revenues

ABLE's total year-to-date revenues as of the third quarter of 2016 amounted to ₱5,336.1 million, an increase of ₱1,003.1 million or 23.1% from the ₱4,333.0 million total revenues for the same period last year. The growth was mainly due to the increase in revenues generated from its major products: (1) Electronic Bingo (E-Bingo) by ₱886.2 million or 36.0%; (2) Traditional Bingo by ₱106.5 million or 6.4%; (3) Electronic Casino by ₱5.1 million; and (4) Pulltabs by ₱6.5 million, partially offset by slight decline in Rapid bingo of ₱1.2 million.

Electronic Bingo as of the third quarter of 2016, at ₱3,345.6 million or 62.7% contribution to revenues, continue to grow from the time it was first launched mid-2002 with twenty (20) machines. As of September 30, 2016, there were a total of 8,894 E-Bingo machines in 123 bingo parlors as compared to 8,132 E-Bingo machines in 118 bingo parlors as of September 30, 2015.

Traditional Bingo on the other hand contributed ₱1,769.3 million or 33.2% to total revenues.

Rapid Bingo as of the third quarter of 2016 contributed ₱202.5 million or 3.8% to total revenues. By the end of September 30, 2016, there were a total of 128 Rapid bingo terminals in 121 bingo parlors as compared to 126 Rapid bingo terminals in 118 bingo parlors as of the third quarter of last year.

As of the third quarter ending September 30, 2016, Pull Tabs contributed ₱12.6 million as compared to ₱6.1 million for the same period last year.

Expenses

ABLE's total operating expenses as of September 30, 2016, amounted to ₱4,878.7 million, reflecting an increase of ₱864.7 million or 21.5% from ₱4,014.0 million for the same period in 2015. In general, the increase is mainly attributable to additional sites acquired and new sites constructed during the period: (1) Franchise fees by ₱579.1 million or 31.1%; (2) Rentals and utilities by ₱81.2 million or 18.1%; (3) Contracted services by ₱37.9 million or 30.2%; (4) Depreciation by ₱70.7 million 90.0%; (5) Repairs and maintenance by ₱14.7 million or 174.7%; and (6) Taxes and licenses by ₱9.3 million or 25.7%.

Net Income

As of September 30, 2016, ABLE posted a net income (net of minority share) of ₱293.2 million, a ₱79.6 million or 37.3% increase from the ₱213.6 million net income for the same period last year.

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

TGXI generated ₱204.3 million as of September 30, 2016 representing its share in revenues from the management and operation of the PAGCOR e-games stations (PeGS), a decline of ₱13.8 million or 6.3% from last year's ₱218.0 million. On the other hand, total operating expenses increased from ₱205.0 million to ₱217.5 million which mainly consisted of: (1) People expenses including contracted services of ₱84.2 million; (2) Rentals and utilities of ₱69.0 million; (3) Marketing and travel expenses of ₱13.5 million; (4) Taxes and licenses of ₱5.4 million; and (5) Depreciation of ₱27.8 million.

As such, last year's net income as of September 30, 2016 of ₱9.4 million was reversed this year to a net loss of ₱9.3 million.

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

FCLRC's gross revenues for the first nine months of 2016 was ₱1,448.7 million, an increase of ₱272.1 million or 23.1% from last year's figures of ₱1,176.6 million.

FCLRC posted a net income of ₱761.6 million as of the third quarter of 2016, a ₱161.9 million or 27.0% increase versus last year's ₱599.7 million.

Total operating expenses of ₱185.3 million increased by ₱37.6 million or 25.4% from last year's ₱147.7 million. The increase is mainly due to increase in Contracted services, Rentals and utilities, Marketing and travel, and Depreciation. The resulting net income in the "Other Income/(Expense)" account of ₱192.2 million or an increase of ₱58.2 million or 43.5% from last year's ₱133.9 million was mainly due to the following increases: (1) Other income derived from the rental of gaming facility by ₱68.8 million and (2) equity in net earnings of First Cagayan Converge Data Center, Inc. (FCCDCI) by ₱32.0 million. These increases were partly offset by increase in Interest expense of ₱35.6 million.

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

As of September 30, 2016, PIKI generated ₱687.2 million gross revenues from its gaming operations and netted out a ₱10.6 million income after direct franchise fees and taxes, rentals and other minor expenses, or a decline of ₱14.6 million or 57.8% from same period last year of ₱25.2 million.

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

BCGLC reversed its prior year net loss as of September 30, 2016 of ₱0.5 million to a net income of ₱52.2 million. Generated gross revenues from slot machines amounted to ₱261.2 million or a growth of ₱202.4 million from last year's ₱56.9 million due to the four new sites acquired late 2015. Total operating expenses likewise increased from ₱28.0 million to ₱157.2 million due to these developments.

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

Net income for the nine months of 2016 registered ₱193.3 million which is significantly higher than last year's ₱34.0 million principally due to last year's lower share in lease and gaming revenue because of the abatements requested by the operator for the delayed opening. Interest expense for the period is likewise higher than same period last year due to an additional loan availed last December.

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

LRLDI posted a significant decline in net income to ₱8.2 million as of September 30, 2016 from ₱151.7 million in 2015 primarily due to the current year's significantly lower equity share in the net earnings of Techzone Philippines, Inc.

Total 2016 operating expenses amounted to ₱7.5 million as compared to last year's ₱6.6 million.

LRWC Consolidated Net Income

As a result of the foregoing developments, LRWC posted a consolidated net income (net of minority share) as of September 30, 2016 amounting to ₱888.9 million or an 11.0% growth from last year's consolidated net income of ₱800.6 million. The growth of ₱88.4 million is mainly due to the significant increases in net income of ABLE from continuous expansion programs, BCGLC from four newly acquired sites, FCLRC from growing revenue of locators, and ABLGI as last year's revenues were reduced by abatements, partially offset by significantly lower share of LRLDI in TPI for nonrecurring revenues of TPI last year.

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

On a consolidated basis, the Balance Sheet of Leisure & Resorts World Corporation (LRWC) and its subsidiaries – ABLE, TGXI, PIKI, BCGLC, FCLRC, ABLGI, and LRLDI – continue to improve. Total assets as of September 30, 2016 amounted to ₱14.0 billion, a growth of ₱371.9 million or 2.7% as compared to last year's balance of ₱13.6 billion. Significant increases in assets: (1) Receivables – net by ₱137.8 million mainly attributable to developing revenues of relatively new business and the growing existing businesses; (2) Property and equipment – net by ₱354.1 million mainly due to continuing expansion of gaming sites network; and (3) Deferred tax assets by ₱141.9 million for the NOLCO of LRWC that is expected to be recovered beginning 2017. These increases were partially offset by: (1) Decrease in cash by ₱80.6 million; (2) Investments and advances by ₱71.6 million due to some collection of advances and dividends received from investments in associates; and (3) Other noncurrent assets by ₱113.0 due to lower required cash restricted for loan amortization.

Total Liabilities decreased by ₱410.6 million mainly due to ₱421.2 million loans settlement partly offset by increase in Trade and other payables of ₱31.3 million.

Cash Flows – Nine Months Ended September 30, 2016 vs. September 30, 2015

Cash balance as of September 30, 2016 of ₱258.2 million decreased during the period since cash generated from operations were largely used to cover loan amortizations, dividends payout, and business expansion.

Financial Instruments

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

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

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

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

The Group has no HTM investments and FVPL financial assets and liabilities as of September 30, 2016 and 2015 respectively.

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

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

Financial Risk Management

Financial Risk Management Objectives and Policies

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

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

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

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

Credit Risk

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

Financial information on the Group's maximum exposure to credit risk as of September 30, 2016 and as of December 31, 2015, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	09/30/16	12/31/15
Cash in banks	**P 184,448,781**	P 271,273,790
Receivables – net	**915,858,707**	778,033,823
Due from related parties	**5,654,136**	18,835,517
Venue rental and other deposits	**406,375,061**	301,548,039
Guarantee deposits and betting credit funds	**10,800,000**	10,800,000
Cash and performance bonds	**173,112,525**	114,478,659
Advances to a casino project	**4,780,000,000**	4,780,000,000
	P6,476,249,210	P6,274,969,828

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

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

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

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

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. As of September 30, 2016, there were no significant concentrations of credit risk.

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

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

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

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

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

Liquidity Risk

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

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

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

Market Risk

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

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

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

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

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

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

<u>Fair Values</u>

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

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

The carrying amounts of cash and cash equivalents, receivables, due from related parties, trade and other payables and due to a related party approximate their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of venue rental and other deposits, cash and performance bonds and rent deposit approximate their fair values, because the effective interest rate used for discounting approximates the current market rate of interest for similar transactions.

Investment in Other Shares of Stocks

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

Loans Payable

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

Obligations Under Finance Lease

Obligations under finance lease are reported at their present values, which approximates the cash amounts that would fully satisfy the obligations as at reporting date. These are classified as current liabilities when they become payable within a year.

<u>Capital Management</u>

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as of September 30, 2016 and 2015. The Group is not subject to externally-imposed capital requirements.

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

The Group has adopted the following amendments to standards and interpretations starting January 1, 2015 and accordingly changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

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

- *Annual Improvements to PFRSs: 2010 - 2012 and 2011 - 2013 Cycles* – Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following are the said improvements or amendments to PFRSs, none of which has a significant effect on the consolidated financial statements of the Group:

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

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

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

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

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

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

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

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

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

Standards Issued But Not Yet Adopted

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

Effective January 1, 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
- An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

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

Discussion and Analysis of Material Events and Uncertainties Known to Management

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

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

Plans for 2016

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

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

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

BCGLC embarking on acquiring newer slot machines aimed at improving the games in all its arcade venues and correspondingly intensifying its marketing campaign to bring greater foot traffic on the casino floors.

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

PART II – OTHER INFORMATION

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

SIGNATURES

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

Registrant: **LEISURE & RESORTS WORLD CORPORATION**

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

Date: 11/10/16

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

Date: 11/10/16

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

Date: 10 NOV 2016

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Schedule	30-Sep-16 Unaudited	31-Dec-15 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	*1*	**258,168,107**	338,802,543
Receivables – net	*2*	**915,858,707**	778,033,823
Supplies and inventory		**33,908,277**	37,709,669
Prepaid expenses and other current assets	*3*	**238,479,630**	210,753,953
Due from related parties	*2*	**5,654,136**	18,835,517
Total Current Assets		**1,452,068,857**	1,384,135,505
Noncurrent Assets			
Property and equipment – net	*4*	**1,884,642,740**	1,530,538,764
Investment properties – net	*5*	**137,033,117**	144,485,174
Investments and advances – net	*6*	**3,070,043,157**	3,141,614,845
Advances to a casino project	*6*	**4,780,000,000**	4,780,000,000
Deferred tax assets		**319,897,021**	178,034,400
Goodwill – net		**1,453,344,478**	1,453,344,478
Other assets – net	*7*	**871,528,120**	984,527,403
Total Noncurrent Assets		**12,516,488,633**	12,212,545,064
		13,968,557,490	13,596,680,569
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*8*	**1,877,665,412**	1,846,349,239
Short-term loans payable	*10*	**1,327,054,000**	1,211,094,749
Current portion of long-term loans payable	*10*	**719,000,887**	716,503,799
Current portion of obligations under finance lease		**4,405,985**	3,740,533
Due to related parties	*9*	**9,070,691**	9,070,691
Income tax payable		**75,935,607**	98,297,045
Total Current Liabilities		**4,013,132,582**	3,885,056,056
Noncurrent Liabilities			
Long-term loans payable - net of current portion	*10*	**2,819,016,134**	3,358,663,471
Retirement benefits liability		**125,653,644**	125,653,644
Rent deposits		**4,421,800**	4,445,300
Obligations under finance lease - net of current portion		**1,172,895**	220,955
Total Noncurrent Liabilities		**2,950,264,473**	3,488,983,370
		6,963,397,055	7,374,039,426
Equity Attributable to Equity Holders of the Parent			
Capital stock		**2,849,852,512**	2,849,852,512
Additional paid-in capital - common		**1,114,028,555**	1,114,028,555
Treasury shares		**(79,864,266)**	(71,142,419)
Retained earnings		**2,587,737,176**	1,948,895,695
Employee benefit reserve		**(40,936,438)**	(40,936,438)
Fair value reserve		**9,783,653**	9,783,653
Foreign currency translation reserve		**(434,274)**	(434,274)
Other reserve		**(1,294,351)**	(1,294,351)
		6,438,872,566	5,808,752,933
Non-controlling Interests		**566,287,869**	413,888,210
Total Equity		**7,005,160,435**	6,222,641,143
		13,968,557,490	13,596,680,569

See Attachments to Unaudited Consolidated Financial Statements.

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

	For the Nine Months Ended Sep 30		For the Three Months Ended Sep 30	
	2016	2015	**2016**	2015
REVENUES				
Electronic bingo – net	**₱3,345,641,637**	₱2,459,412,045	**₱1,095,777,208**	₱878,458,109
Traditional bingo	**1,769,549,109**	1,662,768,135	**581,917,815**	571,882,250
Service and hosting fees	**1,448,671,267**	1,176,582,765	**514,597,082**	414,016,699
Income from junket operations	**687,179,032**	750,646,489	**199,272,405**	203,089,114
Rent income	**274,983,933**	75,611,321	**100,342,812**	23,045,908
Commission income	**210,339,066**	219,066,981	**61,627,755**	76,705,522
Rapid bingo	**202,524,342**	203,692,276	**58,205,150**	73,149,846
Compensation fee from a casino project	**100,869,307**	-	**33,623,102**	-
Share in gaming revenue of a casino project	**129,774,727**	32,273,919	**59,916,997**	-
Other revenues	**12,318,590**	3,229,913	**4,518,020**	287,595
	8,181,851,009	6,583,283,844	**2,709,798,345**	2,240,635,042
COSTS AND OPERATING EXPENSES				
Franchise fees and taxes	**3,517,798,046**	2,866,133,315	**1,154,746,502**	1,004,984,579
Payouts - traditional bingo	**1,209,306,614**	1,180,692,865	**399,417,146**	397,847,383
Rent	**507,756,826**	405,446,230	**162,466,724**	131,956,891
Contracted services	**333,779,374**	297,706,418	**118,941,686**	103,676,491
Salaries and wages	**436,040,843**	304,299,174	**142,804,417**	86,127,289
Communications and utilities	**219,941,593**	168,117,862	**68,578,469**	58,326,361
Depreciation and amortization	**252,239,369**	122,491,098	**92,156,475**	45,736,838
Advertising and promotional activities	**159,135,508**	139,764,605	**58,597,273**	1,807,212
Professional and directors' fees	**100,743,457**	72,253,343	**36,845,209**	29,896,030
Cards and supplies	**47,842,249**	45,046,455	**22,104,258**	14,705,364
Taxes and licenses	**64,232,737**	48,193,226	**14,379,214**	15,983,863
Others	**251,894,891**	188,179,965	**69,786,094**	76,900,285
	7,100,711,507	5,838,324,556	**2,340,823,467**	1,967,948,586
OPERATING INCOME	**1,081,139,502**	744,959,288	**368,974,878**	272,686,455
OTHER INCOME (EXPENSES)				
Finance expense	**(294,103,836)**	(164,678,982)	**(94,203,750)**	(41,275,633)
Finance income	**215,496,696**	139,903,474	**71,745,586**	46,689,476
Equity in net earnings of joint ventures and associates	**123,975,628**	256,022,061	**31,972,163**	132,176,526
Other income – net	**180,208,576**	124,338,168	**55,707,244**	54,434,608
	225,577,064	355,584,721	**65,221,243**	192,024,977
INCOME BEFORE INCOME TAX	**1,306,716,566**	1,100,544,009	**434,196,121**	464,711,433
INCOME TAX EXPENSE	**180,476,551**	113,716,087	**56,046,269**	44,001,096
NET INCOME	**₱1,126,240,015**	₱986,827,922	**₱378,149,852**	₱420,710,337
Attributable to:				
Owners of the Parent Company	**888,944,357**	800,554,162	**288,639,477**	347,602,208
Non-controlling interest	**237,295,658**	186,273,761	**89,510,375**	73,108,129
	₱1,126,240,015	₱986,827,922	**₱378,149,852**	₱420,710,337
Basic Earnings Per Share	**₱0.6850**	₱0.6114	**₱0.1847**	₱0.2338
Diluted Earnings Per Share	**₱0.6419**	₱0.5728	**₱0.1731**	₱0.2191

See next page for the computation.

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

	For the Nine Months Ended Sep 30		For the Three Months Ended Sep 30	
Net Income	**888,944,357**	800,554,162	**288,639,477**	347,602,208
Less:				
Dividends on preferred shares	**(70,125,000)**	(70,125,000)	**(70,125,000)**	(70,125,000)
Add:				
Effect of AFS - preferred shares held by ABLE	**3,102,500**	3,102,500	**3,102,500**	3,102,500
Income attributable to ordinary stockholders of the Parent Company (a)	**821,921,857**	733,531,662	**221,616,977**	280,579,708
Adjusted weighted average number of shares outstanding *(b)	**1,199,852,512**	1,199,852,512	**1,199,852,512**	1,199,852,512
Basic earnings per share (a/b)	**0.6850**	0.6114	**0.1847**	0.2338

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

Diluted earnings per share is computed as follows:

	For the Six Months Ended Jun 30		For the Three Months Ended Jun 30	
Income attributable to ordinary stockholders of the Parent Company *(a)*	**821,921,857**	733,531,662	**221,616,977**	280,579,708
Adjusted weighted average number of shares outstanding *(b)*	**1,199,852,512**	1,199,852,512	**1,199,852,512**	1,199,852,512
Effect of dilutive potential common shares** *(c)*	**80,675,000**	80,675,000	**80,675,000**	80,675,000
Adjusted weighted average number of shares outstanding* (d=b+c)	**1,280,527,512**	1,280,527,512	**1,280,527,512**	1,280,527,512
Diluted earnings per share (a/d)	**0.6419**	0.5728	**0.1731**	0.2191

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

*** Adjusted for the convertible preferred shares.*

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

For the Nine Months Ended September 30, 2016

	Capital Stock		Additional	Retained	Employee	Other	Translation	Treasury	Minority	
	Common Shares	Preferred Shares	Paid-in Capital (Common)	Earnings	Benefit Reserve	Reserves	Gain (Loss)	Shares	Interests	Total
Balance at beginning of period	1,199,852,512	1,650,000,000	1,114,028,555	1,948,895,695	(40,936,438)	8,489,302	(434,274)	(71,142,419)	413,888,210	6,222,641,143
Dividends				(250,102,876)					(84,896,000)	(334,998,876)
Translation gain/loss during the period										0
Addition/Reduction								(8,721,847)		(8,721,847)
Minority interests									237,295,659	237,295,659
Net income for the period				888,944,357						888,944,357
Balance at end of the period	1,199,852,512	1,650,000,000	1,114,028,555	2,587,737,176	(40,936,438)	8,489,302	(434,274)	(79,864,266)	566,287,869	7,005,160,435

For the Nine Months Ended September 30, 2015

	Capital Stock		Additional	Retained	Employee	Other	Translation	Treasury	Minority	
	Common Shares	Preferred Shares	Paid-in Capital (Common)	Earnings	Benefit Reserve	Reserves	Gain (Loss)	Shares	Interests	Total
Balance at beginning of period	1,199,852,512	1,650,000,000	1,114,028,555	1,202,592,316	(31,095,092)	0	(139,126)	(71,142,419)	367,102,909	5,431,199,655
Dividends				(284,232,301)						(284,232,301)
Translation gain/loss during the period										0
Addition/Reduction					(2,134,912)					(2,134,912)
Minority interests									186,273,761	186,273,761
Net income for the period				800,554,162						800,554,162
Balance at end of year	1,199,852,512	1,650,000,000	1,114,028,555	1,718,914,177	(33,230,004)	0	(139,126)	(71,142,419)	553,376,670	6,131,660,364

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

	For the Nine Months Ended September 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before franchise and taxes	**4,739,618,613**	3,407,266,164
Adjustments for:		
Depreciation	**246,319,088**	122,491,098
Equity in net loss (earnings) of an associate	**(123,975,628)**	(256,022,061)
Finance expense (income) - net	**293,707,140**	(24,775,508)
Operating income before working capital changes	**5,155,669,213**	3,248,959,693
Decrease (increase) in:		
Receivables	**(137,824,884)**	(64,483,342)
Bingo cards	**3,801,392**	(8,727,530)
Prepaid expenses and other current assets	**(27,725,677)**	1,728,065
Increase (decrease) in:		
Trade and other payables	**31,292,673**	(138,179,727)
Retirement benefits liability	**0**	2,700,000
Cash generated from operations	**5,025,212,717**	3,041,997,161
Finance income (expense) - net	**(293,707,140)**	24,775,508
Franchise fees and taxes paid	**(3,862,498,655)**	(2,420,438,245)
Net cash from operating activities	**869,006,921**	646,334,423
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal (Acquisition) of property and equipment - net	**(592,971,006)**	(506,541,371)
Disposal (Acquisition) of investment property - net	**0**	(17,111,316)
Decrease (increase) in investments and advances	**195,547,314**	(240,908,256)
Decrease (increase) in receivables from related parties	**13,181,381**	(83,122,721)
Decrease (increase) in other assets	**(75,011,740)**	(120,626,395)
Net cash provided (used) in investing activities	**(459,254,050)**	(968,310,059)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment (payment) of loans - net	**(233,179,976)**	464,958,048
Availment (payment) of obligations under finance lease - net	**1,617,392**	(2,250,480)
Increase (decrease) in dividend payable	**(250,102,876)**	(284,232,301)
Increase (decrease) in payable to related parties	**0**	100,000
Increase (decrease) in translation gain/loss	**0**	(2,134,912)
Decrease (increase) in treasury shares	**(8,721,847)**	0
Net cash provided (used) in financing activities	**(490,387,307)**	176,440,355
NET INCREASE (DECREASE) IN CASH	**(80,634,436)**	(145,535,281)
CASH AT BEGINNING OF PERIOD	**338,802,543**	338,257,077
CASH AT END OF PERIOD	**258,168,107**	192,721,796

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

Schedule 1 - Cash and Cash Equivalents

Cash in banks	184,448,781
Cash on hand and payout fund	73,719,326
	258,168,107

Schedule 3 - Prepaid Expenses and Other CurrrentAse

Prepayments	110,708,717
Adv to suppliers/creditors/contractors	122,896,544
Supplies	33,908,277
Others	4,874,369
	272,387,907

Schedule 4 - Property and Equipment

Land	186,078,447
Leasehold rights & improvements	1,141,659,232
Transportation equipment	469,912,494
Office furniture, fixtures, and equipment	511,512,217
Slot machines	436,246,290
Computer software	57,989,081
Other fixed assets	55,730,530
	2,859,128,292
Less: Accumulated Depreciation	(974,485,552)
	1,884,642,740

Schedule 5 - Investment Properties

Land improvements	32,331,853
Building	104,701,264
	137,033,117

Schedule 6 - Investment and Advances

Associates:	
Cost	
Binondo Leisure Resources, Inc. (BLRI) - 30%	21,600,000
Techzone Philippines, Inc. (TPI) - 50%	250,000,000
	271,600,000
Accumulated equity in net income (loss) of an associate:	
Balance at beginning of year	
BLRI	(26,303,101)
TPI	245,870,641
Net equity in earnings (losses) for the period	
BLRI	0
TPI	1,589,924
Balance at end of the quarter	
BLRI	(26,303,101)
TPI	247,460,565
	221,157,464
	492,757,464

Joint venture:	
Cost	
First Cagayan Converge Data Center Inc. (FCCDCI) -60%	15,000,000
Hotel Enterprises of the Philippines (HEPI) - 51%	750,938,000
	765,938,000
Accumulated equity in net income (loss) of a joint venture:	
Balance at beginning of year	
FCCDCI	68,330,922
HEPI	79,099,013
Dividends declared - FCCDCI	(81,000,000)
Net equity in earnings (losses) for the first quarter	
FCCDCI	87,960,339
HEPI	34,425,365
Balance at end of the quarter	
FCCDCI	75,291,261
HEPI	113,524,378
	188,815,639
	954,753,639
Advances:	
AB Fiber	31,696,665
Belle Corporation	4,780,000,000
BLRI	149,013,513
Cagayan Land Property Development Corporation (CLPDC)	153,118,171
Cagayan Premium Ventures Development Corporation (CPVDC)	748,318,273
Eco Leisure	26,136,049
FCCDCI	14,047,374
Hotel Enterprises of the Philippines (HEPI)	423,534,266
	6,325,864,310
Allowance for Impairment loss on advances	(40,000,000)
	6,285,864,310
Investment in AFS:	
DFNN, Inc. (DFNN)	**115,911,244**
Total	7,849,286,658
Other investments - at cost	756,500
	7,850,043,158

Schedule 7 - Other assets

Venue and rental deposits	406,375,061
Cash in bank - restricted	258,345,608
Cash and performance bonds	173,112,525
Others	33,694,926
	871,528,120

Schedule 8 - Trade and Other Payables

Trade	297,787,347
Regulatory fees	814,626,360
Unearned hosting fees	206,759,042
Dividends payable	264,873,877
Other accrued expenses	293,618,787
	1,877,665,412

Schedule 9 - Due to Related Party

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

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

Short-term Loans Payable	
AUB	305,000,000
BDO	395,000,000
PBB	100,000,000
PBCOM	93,754,000
UCPB	433,300,000
Total short-term	**1,327,054,000**
Long-term Loans Payable	
Current Portion	
AUB	130,000,000
BDO	589,000,887
Noncurrent Portion	
AUB	346,666,667
BDO	2,472,349,467
Total long-term	**3,538,017,020**

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

1) Aging of Accounts Receivable

	TOTAL	1-3 Months	4-6 Months	7 Months to 1 year	1 year and above	Past due accounts and items in litigation
Type of Accounts Receivable						
a) Trade Receivables						
1) Rent Receivable	144,784,183	79,341,277	9,524,863	55,918,043		
2) Receivable from Locators	256,248,562	256,248,562				
3) Other Trade Receivables	387,525,598	337,236,459	47,041,094	3,248,045		
Total Trade Receivables	788,558,343	672,826,299	56,565,957	59,166,087	-	-
b) Non-trade Receivables						
1) Advances to employees	12,852,735	12,852,735				
2) Others	132,358,957	17,917,059	11,042,197	21,777,650	81,622,051	
	145,211,692	30,769,794	11,042,197	21,777,650	81,622,051	-
Allowance for impairment	(17,911,328)					
Net Non-trade Receivables	127,300,364					
Total Accounts Receivable	**915,858,707**					
c) Receivables from Related Parties						
1) Advances to Stockholders	5,654,136	5,654,136				
Total Due from Related Parties	**5,654,136**					

2) Accounts Receivable Description

Types of Receivable	Nature and Description	Collection Period
a) Advances to non-consolidated affiliates	sale of bingo cards, promotional materials and other services	six (6) mos to one (1) yr
b) Advances to employees	company loan and other advances granted to employees	six (6) mos to one (1) yr
c) Advances to related parties - BLRI	rental and advances	six (6) mos to one (1) yr
d) Others	various advances and receivables	six (6) mos to one (1) yr

3) Normal Operating Cycle: 365 days

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

Key Performance Indicator	Formula	2016	2015
Current Ratio	Current Assets / Current Liabilities	36.2%	31.7%
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	99.4%	95.6%
Asset to Equity Ratio	Total Assets / Stockholders' Equity	199.4%	195.6%
Payout Turnover	Traditional Bingo Revenues / Payout	146.3%	140.8%
Return on Average Equity	Net Income / Average Stockholders' Equity	17.0%	13.8%
Return on Average Assets	Net Income / Average Total Assets	8.2%	7.1%
Solvency Ratio	Net Income + Depreciation / Total Liabilities	19.8%	18.9%
Interest Coverage Ratio	Income Before Interest & Tax / Interest Expense	4.95	7.69
Net Book Value Per Share	Stockholders' Equity / Weighted Average Shares Outstanding	5.84	5.11
Earnings Per Share	Income attributable to ordinary stockholders of the Parent Company / Weighted Average Shares Outstanding	0.6850	0.6114

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

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

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

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

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

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

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

	RETAIL	CASINO	ONLINE	PROPERTY	OTHERS	Eliminations	CONSOLIDATED
Net Revenues	1,890,144,435	519,015,365	801,178,222	244,408,327			**3,454,746,349**
Results							
Segment results	444,161,339	85,736,054	615,874,124	218,934,356			**1,364,705,874**
Unallocated corporate expenses					(283,566,372)		**(283,566,372)**
Results from operating activities	**444,161,339**	**85,736,054**	**615,874,124**	**218,934,356**	**(283,566,372)**	**-**	**1,081,139,502**
Finance expense - net	(34,996,706)	4,309	(64,249,170)	57,794,859	(37,160,433)		**(78,607,140)**
Other income	5,866,983	(270,689)	168,455,994	6,199,845	(43,557)		**180,208,576**
Equity in net earnings of jv and associates	-	-	87,960,339	1,589,924	34,425,365		**123,975,628**
Income taxes	(124,725,103)	(22,604,280)	(46,440,865)	(82,937,412)	96,231,109		**(180,476,551)**
Non-controlling interest	(6,378,410)	(230,917,248)					**(237,295,658)**
Total Comprehensive Income	**283,928,105**	**(168,051,853)**	**761,600,422**	**201,581,572**	**(190,113,889)**	**-**	**888,944,357**
Other Information							
Segment assets	3,186,583,255	1,164,813,886	3,236,496,936	6,863,927,065	5,250,571,559	(5,733,835,212)	**13,968,557,490**
Total Assets							**13,968,557,490**
Segment liabilities	2,291,197,404	1,054,119,235	1,275,646,253	4,501,293,844	1,065,573,418	(3,224,433,100)	**6,963,397,055**
Total Liabilities							**6,963,397,055**
Capital expenditures	296,331,161	224,763,626	25,102,832	-	21,826,976	24,946,410	**592,971,006**
Depreciation and amortization	176,980,267	28,601,260	26,852,092	10,734,439	9,071,311		**252,239,369**

There were no intersegment sales recognized between the four reportable segments for the nine months ended September 30, 2016. Unallocated corporate expenses consist of net operating expenses of the Parent Company. Assets of the individual segments mainly comprise investments and advances, due from related parties, property and equipment, and trade receivables. Liabilities of the individual segments include loans payable, trade and other payables, retirement obligation, and due to related parties. Capital expenditures on noncurrent assets represent additions to property and equipment and investment property. Noncash expenses pertain to depreciation and amortization expenses attributable to the four reportable segments.

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

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

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

3. Currently the operations of LRWC is very minimal and functions as a holding company. However, its retail (AB Leisure Exponent, Inc. and Total Gamezone Xtreme, Inc.) and online (First Cagayan Leisure and Resort Corporation) segments, are operating on a daily basis including Sundays and Holidays, except on Maundy Thursday and Good Friday. Both segments are not seasonal in nature.

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

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

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

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

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

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

8. On July 14, 2016, the BOD approved the declaration of cash dividend equivalent to ₱0.080 per share payable to all common stockholders of record as of September 30, 2016 and cash dividend of ₱0.070 per share payable to all common stockholders of record as of March 3, 2017.

   On June 1, 2016, the BOD approved the declaration of cash dividend equivalent to ₱0.0425 per share payable to all preferred stockholders of record as of May 31, 2016.

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

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

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

    Consequently, ABLE received via email, notices from PAGCOR of the approval by the PAGCOR's Board of Directors (BOD) to recall the revocation to operate E-Bingo. Twenty (20) E-Bingo sites have 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 the 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, arcades and hotels from the distance requirements.

12. In September of this year, TGXI received notices from Philippine Amusement and Gaming Corporation ("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 Gaming Site Regulatory Manual (GSRM) for Electronic Games version 2.0. In response, LRWC sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, the Electronic Games operations at said sites will be transferred to compliant locations.

13. Last November 4, 2016, Belle Corporation and Premium Leisure and Amusement, Inc. ("Belle group") signed an 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 will pay the LRWC group a total of ₱5.09 billion, with ₱1.018 billion 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.