

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its Charter: LEISURE & RESORTS WORLD CORPORATION

3. Province, country or other jurisdiction of incorporation or organization: MAKATI CITY, PHILIPPINES

4. SEC Identification Number: 13174

5. BIR Tax Identification Code: 321-000-108-278-000

6. Address of Principal Office: 26F, West Tower, PSE Center, Exchange Road, Ortigas, Pasig City, 1605

7. Registrant's telephone number, including area code: (632) 634-5099

8. Date, time and place of the meeting of security holders:

- Date - 29 July 2016
Time - 2:00 p.m.
Place - Midas Hotel and Casino, 2702 Roxas Boulevard, Pasay City

9. Approximate date on which the Information Statement is first to be sent or given to security holders: 08 July 2016

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants)

Title of Each Class	Number of Shares of Common Stock Outstanding and amount of Debt Outstanding
Common Stock, PhP1.00, par value	1,199,852,512/Not applicable
Preferred Stock PhP1.00, par value	1,650,000,000/Not applicable
Warrants Nil-paid	82,500,000/Not applicable

11. Are any of the registrant's securities listed in the Philippine Stock Exchange?

Yes No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

PHILIPPINE STOCK EXCHANGE, Common shares, Preferred Shares, Warrants

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders of Leisure & Resorts World Corporation (the "Corporation") will be held on July 29, 2016 at 2:00 p.m., Midas Hotel and Casino, 2702 Roxas Boulevard, Pasay City. Registration will start at 1:00 p.m. The agenda of the meeting will be as follows:

1. Call to Order
2. Proof of Notice
3. Determination of Quorum
4. Approval of the Minutes of the Annual Meeting held on July 31, 2015
5. Management Report
6. Approval of Annual Report and Audited Financial Statement for the fiscal year 2015 and Ratification of actions taken by the Board of Directors and Officers since the last annual meeting held on July 31, 2015
7. Nomination and Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

For the purpose of the meeting, only stockholders of record at the close of business on June 29, 2016 will be entitled to vote thereat.

Stockholders who cannot attend the meeting in person may designate their authorized representative by submitting a Proxy instrument in accordance with Sec. 58 of the Corporation Code. Validation of the proxies shall be held on July 22, 2016 at the office of the Corporation's transfer agent, Stock Transfer Services, Inc., Unit 34-D Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

To facilitate your registration of attendance, please have available some form of identification such as company I.D., passport or driver's license.

Thank you.

Pasig City. June 24, 2016.

FOR THE BOARD

ATTY. KATRINA L. NEPOMUCENO
Corporate Secretary

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

- (a) Date - July 29, 2016
- Time - 2:00 p.m.
- Place - Midas Hotel and Casino, 2702 Roxas Boulevard, Pasay City
- Principal Office - 26/F West Tower, PSE Center, Exchange Road, Ortigas, Pasig City

(b) Approximate date on which the Information Statement is first to be sent or given to security holders: July 8, 2016

Item 2. **Dissenter's Right of Appraisal:** The appraisal right is generally available in the instances stated in Section 81 of the Corporation Code as follows:

- (1) In any case amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence.
- (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
- (3) In case of merger or consolidation.

In the foregoing instances, any stockholder of the registrant may exercise his right of appraisal right in the manner provided below:

- (a) A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.
- (b) The dissenting stockholder shall make a written demand on the registrant for payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken. The failure of the stockholder to make the demand within such period shall be deemed a waiver of the appraisal right.
- (c) If the proposed corporate action is implemented or effected, the registrant shall pay to such dissenting stockholder upon surrender of the certificate(s) of stock representing his shares within ten (10) days after demand thereof, provided the registrant has unrestricted retained earnings; and
- (d) Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the registrant.

In the present meeting, there are no matters to be acted upon which may give rise to any stockholder's exercise of his right of appraisal.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon:** There are no matters to be acted upon which a director, or officer of the registrant, each nominee for election as a director or each associate of any of the foregoing persons, have any substantial interest, direct or indirect, by security holdings or otherwise.

There is no director who has informed the registrant in writing that he intends to oppose any action to be taken by the registrant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders thereof

- (a) Number of Shares Outstanding and entitled to be voted at the meeting: 1,199,852,512 common stock (as of June 29, 2016)

Number of votes to which each share is entitled: One (1) vote per share

- (b) All stockholders of record as of June 29, 2016 are entitled to notice and to vote at the Annual Stockholders' Meeting.
- (c) Manner of Voting: Each stockholder of record as of June 29, 2016 shall have the right to vote in person or by proxy the number of shares of stock held in his name. In the election of directors, each stockholder entitled to vote, may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit.
- (d) Security Ownership of Certain Record and Beneficial Owners and Management

- (1) Security Ownership of Certain Record and Beneficial Owners (more than 5%)

Title of Class (As of May 31, 2016)	Name and address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Holder	Citizenship	No. of Shares Held	Percentage Held
Common	PCD Nominee Corporation (Filipino) 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder	*	Filipino	@ 635,132,084	52.93%
Common	Alfredo Abelardo Benitez 26/F West Tower, PSE Center, Ortigas Center, Pasig City Stockholder	Record Holder same as Beneficial Owner	Filipino	@ 134,841,249	11.24%
Common	Grandshares Inc. 2809 Raffles Corporate Center, Emerald Avenue, Ortigas Center, Pasig City Stockholder	Record Holder same as Beneficial Owner	Filipino	@ 120,000,000	10.00%
Common	PCD Nominee Corporation (Non-Filipino) 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder	*	Non-Filipino	@ 118,516,750	9.88%
Common	Zoraymee Holdings, Inc. 21/F Wynsum Corporate Plaza, Emerald Avenue, Ortigas Center, Pasig City Stockholder	Record Holder same as Beneficial Owner	Filipino	@ 111,267,658	9.27%

**Beneficial owner under PCD Nominee Corporation that holds more than 5% shares is Venture Securities, Inc., which holds 215,223,480 shares or 17.94%. Mr. Eusebio H. Tanco has been authorized to exercise voting power over the shares of Venture Securities, Inc.*

Except for the above mentioned *beneficial owner, none of the common shares registered under the name of PCD Nominee Corporation owns more than 5% of the Company's common stock. PCD Nominee Corporation is a wholly owned subsidiary of the Philippine Central Depository and is the registered owner of the shares in the books of the Stock Transfer Service, Inc., the transfer agent of the registrant, and holds the shares in behalf of the beneficial owners.

Mr. Ignatius Yenko, President of Zoraymee Holdings, Inc. has been authorized to exercise voting power over the shares of said record holder and beneficial owner.

Grandshares, Inc., through its Chairman and President, Ricardo D. Morales, authorizes the Chairman of the meeting to exercise voting power over its shares.

(2) Security Ownership of Management as of 31 May 2016

Name	Nationality	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Reynaldo P. Bantug	Filipino	2	120,000	120,002	0.01
Edgardo S. Lopez	Filipino	2	0	2	0
Willy N. Ocier	Filipino	2,125,200	0	2,125,200	0.18
Eusebio H. Tanco	Filipino	10,432,480	22,672,729	33,105,209	2.76
Ignatius F. Yenko	Filipino	1,200	0	1,200	0
Anthony L. Almeda	Filipino	2	0	2	0
Bienvenido M. Santiago	Filipino	2	0	2	0
Clarita T. Zarraga	Filipino	1	6,600	6,601	0
Wilson L. Sy	Filipino	2,286,600	0	2,286,600	0

Raul G. Gerodias	Filipino	2	0	2	0
Katrina L. Nepomuceno	Filipino	0	7,104	7,104	0
Total		14,845,491	22,806,433	37,651,924	2.95

(3) Voting Trust Holders of 5% or More

No person holds more than five percent (5%) of a class under voting trust or similar arrangement.

(4) Change in Control

There has been no change in control of the Corporation since the beginning of 2012 and the Corporation is not aware of any existing, pending, or potential transaction which may result in such a change in control.

- (e) Below is the summary list of foreign ownership as of 31 May 2016, the nationality, number of shareholders, the number of common shares held and the percentage of common shares held by each:

Nationality	No. of Shareholders	No. of Shares Held	% To Total
American	11	141,169	0.01
British	1	13,619	0.00
Chinese	72	2,186,739	0.18
German	1	1,064	0.00
Spanish	2	19,442	0.00
Others	2	118,533,550	9.88

Preferred shares and warrants are composed of 99.27% Filipino and 0.73% Foreign.

Item 5. Directors and Executive Officers

(a) Legal Proceedings

The registrant has no knowledge of any material pending legal proceedings in any court of administrative agency of the Government to which any of the directors and executive officers of the registrant is a party.

(b) Directors and Executive Officers

1. Directors and Executive Officers

Name	Age	Directorships in Other Companies	Citizenship	Business Experience For the Past Five Years
Reynaldo P. Bantug <i>(Director, April 19, 2002 to present)</i>	66	AB Leisure Exponent, Inc. First Cagayan Leisure and Resort Corp. LR Land Developers, Inc. AB Leisure Global, Inc.	<i>Filipino</i>	Bacolod Real Estate Development <i>(Vice Chairman)</i> Green Future Innovations, Inc. <i>(CEO)</i>

		BAPA Realty Development Corp. BAPA Holdings & Management Green Future Innovations, Inc. Total Gamezone Xtreme Incorporated Hotel Enterprises of the Philippines, Inc. (All-Director)		BAPA Realty Development Corp. BAPA Holdings & Management <i>(President)</i> Total Gamezone Xtreme Incorporated Hotel Enterprises of the Philippines, Inc. <i>(President and Chairman)</i>
Jose Conrado Benitez * <i>(Director, December 8, 1999 to September 13, 2015)</i>	71	Benitez Investments, Inc. Zoomak RPC, Inc. Gaialand & Property Holdings, Inc. Mango Orchard Resource Development, Inc. J-Alfra Development Corp. (All-Director) The Philippine Women's University Tropical Disease Foundation <i>(Chairman)</i>	<i>Filipino</i>	Zoomak RPC, Inc. J-Alfra Development Corp. Mango Orchard Resource Development Corp. Gaialand & Property Holdings Corporation Nirvana & Samsara Development, Inc. <i>(President)</i> Tropical Disease Foundation <i>(Chairman)</i>
Edgardo S. Lopez <i>(Director, August 18, 2006 to present)</i>	74	LS Finance & Management Corp. Heerco Philippines, Inc. Kings Cross Development Corp. (All-Director)	<i>Filipino</i>	LS Finance & Management Corp. Heerco Philippines, Inc. <i>(President)</i> Kings Cross Development Corp. <i>(Vice-Chairman)</i>
Anthony L. Almeda ** <i>(Director, June 30, 2004 to present)</i>	50	Alalmeda Land, Inc. Alalmeda Holdings, Inc. Alalmeda & Company, Inc. Alalmeda Acquisition, Inc. Uyalmeda, Inc. Alalmeda Energy, Inc. Calaca High Power Corp. Pacifica21 Holdings, Inc. National Grid Corporation of the Philippines Kingdom 888 Holdings, Inc. Dragonstore888 Holdings, Inc. Enet Corp. Terra Firma Resources Inc. (All - Director)	<i>Filipino</i>	Landision Corp. <i>(Chairman, President)</i> Filipinas Gaming Corp. <i>(EVP)</i> Alalmeda Land, Inc. Alalmeda Holdings, Inc. Alalmeda & Company, Inc. Alalmeda Acquisition, Inc. <i>(Chairman & CEO)</i> Blue Ocean Acquisitions Inc. <i>(CEO)</i> BB21 Remit Inc. Pacifica21 Holdings Inc. <i>(Managing Director)</i> National Grid Corp. of the Philippines Calaca High Power Corp. Enet Corp. Terra Firma Resources Inc. <i>(Director)</i>
Willy N. Ocier <i>(Director, July 31, 2009 to present)</i>	59	Pacific Online Systems Corporation Philippine Global Communications Inc. Premium Leisure & Amusement, Inc. APC Group, Inc. Tagaytay Midlands Golf Club, Inc. Belle Corporation Tagaytay Highlands International Golf Club, Inc. (All-Director)	<i>Filipino</i>	Pacific Online Systems Corporation Philippine Global Communications Inc. <i>(Chairman and President)</i> Premium Leisure & Amusement, Inc. APC Group, Inc. Tagaytay Midlands Golf Club, Inc. <i>(Chairman)</i> Belle Corporation <i>(Co-Vice Chairman)</i> Tagaytay Highlands International Golf Club, Inc. <i>(Vice Chairman)</i>
Wilson L. Sy <i>(Director; July 29, 2011 to present)</i>	63	Philequity Management, Inc. Asian Alliance Holdings Corporation Xcell Property Ventures, Inc. Monte Oro Resources & Energy, Inc. Vantage Equities, Inc. Manila Stock Exchange Foundation Inc. (All-Director)	<i>Filipino</i>	Asian Alliance Holdings Corporation <i>(Vice Chairman/Director)</i> World Presidents' Organization <i>(Member)</i> Manila Stock Exchange Foundation Inc. <i>(Chairman)</i>

		<p>Pacific Online Systems Corporation Tagaytay Highlands Country Club, Inc. Tagaytay Highlands Int'l Golf Club, Inc. Tagaytay Midlands Golf Club, Inc. Tagaytay Highlands Spa & Lodge (All-Independent Director)</p>		
<p>Eusebio H. Tanco <i>(Director; July 29, 2011 to present)</i></p>	66	<p>Asian Terminals Inc. PhilhealthCare Inc. Philippine Life Financial Assurance STI Education Systems Holdings, Inc. STI Education Services Group, Inc. iACADEMY Philippine Stock Exchange, Inc. Maestro Holdings, Inc. (formerly STI Investments, Inc.) Capital Managers & Advisors, Inc. STI West Negros University Philippine First Insurance Co., Inc. Global Resources for Outsourced Workers, Inc. Mactan Electric Company International Hardwood & Veneer Corp. Cement Center Inc. United Coconut Chemicals, Inc. Manila Bay Spinning Mills, Inc. M. B. Paseo Philippine Health Educators, Inc. Grow Vite, Inc. Philippine Racing Club Biolim Holdings & Management Corp (formerly Rescom Developers Inc.) First Optima Realty Corp. Marbay Homes Inc. Insurance Builders Inc. Classic Finance, Inc. Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc.) Delos Santos – STI College Total Consolidated Asset Management, Inc. Eujo Phils., Inc. Prime Power Holdings Corporation Venture Securities, Inc. United Coconut Chemicals, Inc. (All-Director)</p>	<i>Filipino</i>	<p>Asian Terminals Inc. <i>(Vice-Chairman and President)</i> STI Education Systems Holdings, Inc. Maestro Holdings, Inc. (formerly STI Investments, Inc.) Capital Managers & Advisors, Inc. STI West Negros University Mactan Electric Company International Hardwood & Veneer Corp. Cement Center Inc. Agatha Builders Corp. First Optima Realty Corp. Marbay Homes Inc. Insurance Builders Inc. Delos Santos – STI College Grow Vite, Inc. Venture Securities, Inc. <i>(Chairman)</i> Biolim Holdings & Management Corp (formerly Rescom Developers Inc.) Optima Financing Corporation Philippine First Insurance Co., Inc. Global Resources for Outsourced Workers, Inc. Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc.) Eujo Phils., Inc. Total Consolidated Asset Management, Inc. Prime Power Holdings Corporation <i>(President)</i> Classic Finance Inc. <i>(CEO)</i></p>
<p>Bienvenido M. Santiago <i>(Director; November 28, 2003 to present)</i></p>	70	<p>AB Leisure Exponent, Inc. AB Leisure Global, Inc. The Print Gallery, Inc. Image Dimension, Inc. Corporate Image Dimensions, Inc. Market Light Realty & Construction, Inc. St. James Holding Corporation LR Land Developers, Inc.</p>	<i>Filipino</i>	<p>AB Leisure Exponent, Inc. <i>(VP for Administration)</i> The Print Gallery, Inc. <i>(Treasurer)</i> Zoraymee Holdings, Inc. <i>(Vice-President)</i> Corporate Image Dimensions, Inc. Market Light Realty & Construction, Inc.</p>

		<p>One Boutique Amusement & Recreation Corp. Worldwide Links Leisure & Gaming Corp. North Luzon Gaming & Amusement Corp. One Bingo Pavilion, Inc. 516 Games and Technology Corporation Big Time Gaming Corporation SG Amusement and Recreation Corporation Zoraymee Holdings, Inc. Total Gamezone Xtreme Incorporated Hotel Enterprises of the Philippines, Inc. (All-Director)</p>		<p>St. James Holding Corporation LR Land Developers, Inc. <i>(Corporate Secretary)</i></p>
<p>Clarita T. Zarraga ** <i>(Director, July 30, 2010 to present)</i></p>	75	<p>Abacus Consolidated Resources and Holdings, Inc. Lucky Circle Corporation Philippine Regional Investment Development Corporation Blue Stock Development Farms, Inc. Pride Star Development Bank Batangan Plaza, Inc. Montemayor Aggregates and Mining Corporation Alpha Asia Hotels and Resorts, Inc. Saturnina Estate & Dev't Complex Corp. Defending Family Values Foundation, Inc. Batangas Social Dev't Foundation, Inc. ARMCI Solutions & Consultancy, Inc. Expolanka Freight, Inc. (All-Director)</p> <p>Digi Software Phils, Inc. (Independent Director)</p>	<i>Filipino</i>	<p>C.T. Zarraga and Associates <i>(Managing Partner)</i> Abacus Consolidated Resources & Holdings Inc. <i>(Director/Chairman-Audit Committee)</i> Saturnina Estate & Dev't Complex Corp. <i>(Treasurer)</i> Pride Star Development Bank <i>(Director/Credit Committee Chair)</i> Carlos J. Valdes & Co. CPAs <i>(Senior Audit Staff)</i> Marianas, Inc. <i>(Internal Auditor)</i> Sylvanna Tobacco Corp. <i>(Asst. to the President)</i> PGH Foundation, Inc. <i>(Treasurer)</i></p>
<p>Ignatius F. Yenke <i>(Director, April 19, 2012 to present)</i></p>	63	<p>TKC Steel Corporation Sterling Bank of Asia Zoraymee Holdings, Inc. (All-Director)</p> <p>Premiere Horizon Alliance Inc. (Independent Director)</p>	<i>Filipino</i>	<p>TKC Steel Corporation <i>(Vice Chairman)</i> Sterling Bank of Asia <i>(Board Director)</i> Premiere Horizon Alliance Inc. <i>(Director)</i></p>

<p>Raul G. Gerodias</p> <p><i>(Director, February 20, 2015 to present)</i></p>	<p>52</p>	<p>GSE Management Services, Inc. Terramino Holdings, Inc. Alpha Point Property Holdings, Inc. AB Fiber Corp. ALK Holdings & Management, Inc. Pixiedust, Inc. Continuitas Corporation Central Bay Reclamation and Development Corp. Cyberbay Corporation Elegant Infoventures, Inc. Skytrooper Charter Phils., Inc. AirMaverick Inc. Swiss Sense Worldwide, Inc. Swiss Sense, Inc. AB Food and Beverages Phils. Inc. Fujitsu Ten Corporation of the Philippines Kiden Development Corporation Diez Corporation TKG Corporation ASC Philippines, Inc. Unitel Productions, Inc. Quento Media, Inc. TD Outsourcing Philippines, Inc. Adventure Bay Resort and Theme Park, Inc. Ashwell Holdings, Inc. Musungu, Inc. Assetvalues Holding Company, Inc. Philippine Bio-Ethanol & Energy Investment Corp. Fritz & Macziol Asia, Inc. ParexGroup Inc. Zoraymee Holdings, Inc. Kyani Philippines, Inc. Global Peak Holdings, Inc. The European Hair Factory, Inc. Kewalram Philippines, Inc. Hi-Frequency Telecommunication, Inc. Metro Promo Concepts Corp. Terrabay Holdings, Inc. MUSIC Group Limited MUSIC Group Commercial BM Ltd. MUSIC Group Services SG (Pte.) Ltd MUSIC Group Services US Inc. MUSIC Group Services EU GmbH MUSIC Group Commercial HK Limited MUSIC Group Services JP K.K. MUSIC Group Macao Commercial Offshore Limited Music Group Macao Commercial Offshore Limited (Philippines) ROHQ MUSIC Group Commercial PH Inc. MUSIC Group Services NV Inc. MUSIC Group IP Ltd. MUSIC Group Research UK Limited</p>	<p><i>Filipino</i></p>	<p>Gerodias Suchianco Estrella Law Firm <i>(Managing Partner)</i> GSE Management Services, Inc. Terramino Holdings, Inc. Alpha Point Property Holdings, Inc. AB Fiber Corp. ALK Holdings & Management, Inc. Pixiedust, Inc. Continuitas Corporation Central Bay Reclamation and Development Corp. <i>(President and Chairman)</i> Cyberbay Corporation Elegant Infoventures, Inc. <i>(President)</i> Skytrooper Charter Phils., Inc. AirMaverick Inc. <i>(Chairman)</i> Swiss Sense, Inc. <i>(Treasurer)</i> Swiss Sense Worldwide, Inc. <i>(Treasurer and Corporate Secretary)</i> AB Food and Beverages Phils. Inc. Fujitsu Ten Corporation of the Philippines Kiden Development Corporation Diez Corporation TKG Corporation ASC Philippines, Inc. Unitel Productions, Inc. Quento Media, Inc. TD Outsourcing Philippines, Inc. Adventure Bay Resort and Theme Park, Inc. Ashwell Holdings, Inc. Musungu, Inc. Assetvalues Holding Company, Inc. Philippine Bio-Ethanol & Energy Investment Corp. Fujitsu Die-Tech Corporation of the Philippines Fujitsu Ten Solutions Philippines, Inc. Harada Automotive Antenna (Philippines), Inc. Harada Phils. Development and Management, Inc. AB Leisure Exponent, Inc. (Bingo Bonanza Corp.) AB Leisure Global, Inc. Universal Leaf Philippines, Inc. Unistar Land and Property Corporation Union Leaf Holdings Corporation UUU Realty Holdings, Inc. Eco Fuel Land Development, Inc. I & Lu Tobacco Company, Inc. Teleaccess, Inc. Straight Shooters Media, Inc. Healthwealth International Corp. Middleby Philippines Corporation Middleby Worldwide Phils., Inc. FH Corporate Services, Inc.</p>
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	Turbosound Ltd. Behringer International Service Centre Limited Zhongshan Eurotec Electronics Ltd. Zhongshan Eurotec Electronics Ltd. (Shenzhen) MUSIC Group Commercial BM Ltd. (Phils.) ROHQ Music Group Services PH Corp. (PEZA) (All-Director)		FH Asset Management Corp. Ferrier Hodgson Management Services, Inc. FTI Consulting Philippines, Inc. Macondray Finance Corporation Paragon Trading & Services Corporation Masagana Realty Co., Inc. Silver Finance, Inc. Silver CDO Finance, Inc. Five Star Finance Corporation Silver WDC Finance Corporation Silver Holdings Groups, Inc. Ashwell Holdings, Inc. Techno Holdings Corporation Technolux Equipment & Supply Corporation HKR Equipment Corporation The Turf Company, Inc.
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**Mr. Jose Conrado B. Benitez passed away on September 13, 2015. He served as director since December 8, 1999. The BOD has not yet elected his replacement.*

***Re-elected as Independent directors in 31 July 2015 annual stockholders' meeting. The Certifications of Ms. Clarita T. Zarraga and Mr. Anthony L. Almada stating their qualifications to act as independent directors are attached hereto.*

The Certification executed by the registrant's Corporate Secretary certifying that no director or officer is currently employed by or otherwise connected in any capacity to the Philippine Government or any of its bureaus, agencies or instrumentalities is attached hereto.

All of the independent directors possess all the qualifications and none of the disqualifications as independent directors under SRC Rule 38 from the time of their election as such independent directors.

The following are the executive officers:

Mr. Reynaldo P. Bantug – President (please see discussion on directors)

Atty. Bienvenido M. Santiago – Vice-President (please see discussion on directors)

Atty. Katrina L. Nepomuceno – Corporate Secretary/Compliance Officer

Atty. Nepomuceno is the Vice President for Legal of Leisure and Resorts World Corporation. She serves as the Corporate Legal Counsel of AB Leisure Exponent, Inc. (ABLE) and the Corporate Secretary of all ABLE's Subsidiaries. She is currently the Corporate Secretary of First Cagayan Leisure and Resort Corporation (FCLRC), First Cagayan Converge Data Center Inc. (FCCDCI), and Hotel Enterprises of the Philippines Inc. (HEPI). Atty. Nepomuceno is a Director and the Vice President for Legal of AB Leisure Global, Inc. (ABLGI). She is also one of the Directors of LR Land Developers, Inc. (LDLDI) and currently, the Corporate Secretary of Total Gamezone Xtreme, Inc. (TGXI).

Mr. Ruben Q. Ong – Treasurer

Mr. Ong is currently a Director of AB Leisure Exponent, Inc. (ABLE), LR Land Developers, Inc. (LRLDI), Prime Investment Korea Inc. (PIKI), and Blue Chip Gaming and Leisure Corporation (BCGLC), wholly-owned subsidiaries of the registrant. Mr. Ong also served as ABLE's Vice-President for Finance and Chief Finance Officer. He served as a Director and as Vice-President for Finance/Controller of Hooven Philippines, Inc. and its affiliates from 1991 to 1998. He was also a member of the Executive Committee and Special Assistant to the Treasurer of Marina Properties, Inc. in 1998.

Nominees for Directorship: Except for Mr. Jose Conrado Benitez and Mr. Raul Gerodias, all incumbent directors, as well as independent directors, were re-nominated. Mr. Benitez passed away last September 13, 2015. The Nomination Committee of the Board of Directors of the registrant has determined that the following

nominees for the Board of Directors, including the independent directors, to be elected at this Annual Meeting, possess all the qualifications and have none of the disqualifications for directorship set out in the registrant's Manual on Corporate Governance as well as the Guidelines on the Nomination and Election of Independent Directors set forth in SRC Rule 38 as provided in Article II Section 6 of Registrant's Amended By-Laws dated November 28, 2003. The Chairman of the Nomination Committee is Mr. Willy N. Ocier and the members are Mr. Wilson L. Sy and Mr. Anthony L. Almeda.

1. Reynaldo P. Bantug
2. Anthony L. Almeda - Independent Director
3. Ignatius F. Yenke
4. Edgardo S. Lopez
5. Willy N. Ocier
6. Bienvenido M. Santiago
7. Wilson L. Sy
8. Eusebio H. Tanco
9. Clarita T. Zarraga - Independent Director

Nomination of Independent Directors: Mr. Anthony L. Almeda was nominated by Mr. Bienvenido M. Santiago, an incumbent director of the registrant, while Ms. Clarita T. Zarraga was nominated by Mr. Anthony L. Almeda. All of the persons recommending the nomination of the independent directors have no relationship to their respective nominees. Mr. Anthony L. Almeda is not a director in any other reporting companies.

The curriculum vitae of the directors nominated for re-election are described in the discussion on "Directors and Executive Officers."

2. Significant Employees

Although LRWC has relied on and will continue to rely on, the individual and collective contributions of each of its executive officers, senior operational personnel and non-executive employees, LRWC believes that it does not depend on the services of a particular employee and that there is no employee that the resignation or loss of whom would have a material adverse impact on its business.

3. Family Relationships

There are no family relationships known to LRWC.

4. Involvement in Certain Legal Proceedings

There are no pending legal proceedings against the directors and officers known to LRWC.

As of March 31, 2016, to the best of the Company's knowledge, there are no other occurrences of any of the following events that are material to an evaluation of the ability or integrity of any director or executive officer of the Company:

- a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- b) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

5. Certain Relationships and Related Transactions:

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market. There were no transactions or proposed transactions during the last two (2) years to which the registrant or its subsidiaries, in which a director, executive officer, or stockholders owning ten percent (10%) or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

For transactions with related parties pertaining to those consummated with its subsidiaries and other related parties, please refer to Notes 21 of Notes to the Consolidated Financial Statements for the year 2015 and 2014.

- 6. Director's Disagreement with Registrant Leading to Directors' Resignation or Declining to stand for re-election: No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders because of a disagreement with the registrant on any matter relating to the registrant's operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

Data as to all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly during the last two completed calendar years and the ensuing calendar year to the Company's President and five other most highly compensated executive officers.

Name and Principal Position	Year	Compensation	Bonuses	Other Annual Compensation
	2016	Estimated	Estimated	Estimated
Reynaldo P. Bantug, President and CEO				
Rizalito S. Oades, SVP & Group CFO				
Ma. Christina A. Bautista, Vice President				
Ruben Q. Ong, Treasurer				
Katrina L. Nepomuceno, Corporate Secretary				
All above-named Officers as a group	2016	₱ 31,358,600	₱ 2,000,000	₱ 300,000
All other officers as a group unnamed	2016	None	None	None
Reynaldo P. Bantug, President and CEO				
Rizalito S. Oades, SVP & Group CFO				
Ma. Christina A. Bautista, Vice President				
Carmelita D.L. Chan, Treasurer				

Katrina L. Nepomuceno, Vice President				
All above-named Officers as a group	2015	₱ 30,435,529	₱ 2,000,000	₱ 300,000
All other officers as a group unnamed	2015	None	None	None

Reynaldo P. Bantug, President and CEO				
Jose Francisco B. Benitez, Vice-President				
Ma. Christina A. Bautista, Vice-President				
Carmelita D. Chan, Treasurer				
Rizalito S. Oades, SVP & Group CFO				
All above-named Officers as a group	2014	₱ 22,416,556	₱ 2,000,000	₱ 300,000
All other officers as a group unnamed	2014	None	None	None

*Other annual compensation consists of director's fees of salaried directors.

(2) Compensation of Directors

Members of the Board of Directors are elected for a term of one year. Except for the Company's President and Vice-President, all other directors receive no compensation except director's per diem of ₱10,000.00 per meeting and per diem of ₱5,000.00 in audit, compensation, and nominating committees. Cash bonus of ₱1,000,000.00 was given to each director in 2015 and ₱500,000.00 in 2014.

Total payments to non-salaried directors amounted to ₱10,458,500.00 in 2015 and ₱5,040,000.00 in 2014.

(3) Employment Contracts and Termination of Employment and Change in Control Arrangements

There are no agreements or employment contract existing between the Company and any of its directors or executive officers.

There are no arrangements for compensation to be received by these named executive officers from the Company in the event of a change in control.

(4) Outstanding Warrants and Options

As of 31 March 2016, the Corporation has outstanding warrants of 82,500,000 which are listed with the Philippine Stock Exchange. The warrants shall entitle the investor(s) to purchase one (1) common share. The exercise price of the warrant shall be ₱15.00 or the Company's weighted average trading price for three (3) months prior to the exercise date of the warrant less ten percent (10%) discount. The warrants are exercisable starting on the 5th anniversary of the perpetual preferred shares until the 8th anniversary.

The Company has no outstanding options.

Item 7. Independent Public Accountants

R.G. Manabat & Co. (formerly Manabat Sanagustin & Co.), served as Company's external auditors for the December 31, 2015 and 2014 Financial Statements. Their re-appointment was approved during the Company's annual stockholders' meeting held on July 31, 2015. The same auditing firm shall be recommended for appointment as the Company's external auditors for the ensuing year and Mr. Dindo Marco M. Dioso is the recommended partner-in-charge.

Mr. Tomas G. Mahinay was the partner in charge of the Company's 2013 and 2012 audit while Mr. Jose P. Javier Jr. was the partner in charge during 2011, 2010, 2009 and 2008 audit. In compliance with SRC Rule 68 as Amended, Paragraph 3(b)(ix), the handling audit partner is rotated every five (5) years and in case there will be a re-engagement of the same signing partner, a two-year cooling off period shall be observed.

There was no event in the past where R.G. Manabat & Co. had any disagreement with the Company with regard to any matter relating to accounting principles or practices or financial statement disclosure or auditing scope or procedure.

Representatives of the Independent Public Accountant (R.G. Manabat & Co., CPA's) are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Chairman of the Audit Committee is Ms. Clarita T. Zarraga and the members are Mr. Reynaldo P. Bantug and Mr. Bienvenido M. Santiago.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

ACQUISITION OF 100% OF THE OUTSTANDING CAPITAL STOCK OF TOTAL GAMEZONE XTREME, INCORPORATED

On 20 May 2014, the Company sent a Letter Offer to the current shareholders of Digiwave Solutions Incorporated (Digiwave) for the Company's acquisition of one hundred percent (100%) of the outstanding capital stock of Digiwave which currently operates Philippine Amusement Gaming Corporation (PAGCOR) e-Games outlets/venues in Metro Manila and nearby provinces. The indicative price for said acquisition is Six Hundred Twenty Million Pesos (Php620,000,000.00), provided that upon closing, Digiwave has Forty-Five (45) e-Games outlets and the result of the conduct of due diligence is satisfactory.

On 21 July 2014, the Company entered into an Asset and Share Purchase Agreement (ASPA) with Premiere Horizon Alliance Corporation (PHAC), Digiwave Solutions Incorporated (DSI) and Total Gamezone Xtreme Incorporated (TGXI). The total consideration for the transaction is Six Hundred Twenty Million Pesos (Php620,000,000.00) to be paid by LRWC to PHAC for the acquisition of One Hundred Percent (100%) of the shares of stock of TGXI, subject to PAGCOR approval, as well as issuance of proper local government permits and licenses, to fully consummate the delivery, transfer and/or assignment of DSI and PHAC to TGXI of Forty-Five (45) PAGCOR E-Games Stations (PEGS). PHAC owns Eighty-Five Percent (85%) of the total outstanding shares of DSI. DSI earlier conveyed all its PEGS with related peripherals/PAGCOR approved terminals to TGXI.

To date, LRWC has assumed management control and operations of TGXI and its operating PEGS and is the registered owner of 100% of TGXI's outstanding capital stock.

AMENDMENTS TO THE THIRD ARTICLE OF THE ARTICLES OF INCORPORATION

On 26 June and 25 July 2014, the Board of Directors and stockholders of the Corporation, respectively approved the amendment to the Third Articles of the Articles of Incorporation to reflect its actual principal office address at the 26th Floor, West Tower, Philippine Stock Exchange Center, Exchange Road, Pasig City. The amendment was approved pursuant to the requirement of Securities and Exchange Commission (SEC) Memorandum Circular No. 6, Series of 2014, requiring all companies partnerships whose articles of incorporation indicate only a general address. *i.e.* Metro Manila to amend their articles of incorporation in order to specify their complete address.

On 18 August 2014, the SEC approved the amendment to the Third Article of the Company's Articles of Incorporation to reflect its actual principal office address at the 26th Floor, West Tower, Philippine Stock Exchange Center, Exchange Road, Pasig City.

AMENDMENT TO THE REVISED MANUAL ON CORPORATE GOVERNANCE

On 25 July 2014, the Board of Directors approved the amendment of the Company's Revised Manual on Corporate Governance in compliance with SEC Memorandum Circular No. 9, Series of 2014 which requires the inclusion of "other

stakeholders" (i.e customers, employees, suppliers, financiers, government, and community in which the corporation operates) in the following parts of the Manual: (1) definition of Corporate Governance; (2) General Responsibility and Duties and Functions of the Board; (3) Duties and Functions of the Corporate Secretary; (4) Accountability and Audit; and (5) Disclosure and Transparency.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The minutes of the previous Annual Stockholders' Meeting dated July 31, 2015 shall be submitted to the stockholders for approval. Lastly, the stockholders shall approval/ratify the Annual Report and the Audited Financial Statements for fiscal year 2015 and the actions taken by the Board of Directors and Officers since the last annual meeting of the stockholders as follows:

1. Approval of list of nominees for election to the Board of Directors including the independent directors as submitted by the Nomination Committee.
2. Approval of audit reports and financial statements as presented by the Audit Committee.

Item 16. Matters Not Required to be Submitted

There are no matters not required to be submitted to a vote of security holders.

Item 17. Amendments of Charter, By-Laws & Other Documents

There are no actions to be taken with respect to any amendment of the registrant's charter, by-laws or other documents.

Item 18. Other Proposed Actions

There are no other proposed actions to be taken on matters other than those provided in the preceding items.

Item 19. Voting Procedures

(a) Vote required for Approval or Election

With respect to the election of directors, candidates who receive the highest number of affirmative votes will be declared elected.

With respect to: (i) the approval of the reports stated in Item 15 above; (ii) approval of appointment of R.G. Manabat & Co., as external auditor of the Company; and (iii) all other matters subject to vote, except in cases when the law provides otherwise, the affirmative vote of majority of the outstanding capital stock entitled to vote is required to approve such matters.

(b) Method by which votes will be counted

Except as otherwise provided by law, each stockholder of record shall be entitled at every meeting of stockholders to one vote for each share of stock standing in his name on the stock books of the registrant, which vote may be given personally or by attorney authorized in writing. The instrument authorizing as attorney or proxy to act shall be exhibited

to the Secretary if he shall so request. In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the provisions of the Corporation Code.

Unless required by law, or demanded by a stockholder present in person or proxy at any meeting, and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, in his name or by his proxy if there be such proxy, and shall state the number of shares voted by him. In any and all matters requiring the vote of the stockholders, it is the Company's Corporate Secretary who shall be authorized to count the votes to be cast.

The Company's 21,567,000 LR shares acquired by AB Leisure Exponent, Inc., a wholly-owned subsidiary of LRWC will not be voted on as these are deemed treasury shares.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on June 24, 2016.

LEISURE & RESORTS WORLD CORPORATION

Issuer

By:

ATTY. KATRINA L. NEPOMUCENO

Corporate Secretary

MANAGEMENT REPORT

PART I - BUSINESS AND GENERAL INFORMATION

Business

Business Development

Primary Purpose

Leisure and Resorts World Corporation (hereinafter referred to as "Company/LRWC" or the "Registrant" was incorporated on October 10, 1957. As part of the corporate restructuring of the Company in 1996, the Company's primary purpose was amended in 1999 to engage in realty development focusing on leisure business. However, for several years, it had minimal operations and functioned as a holding company.

Share Swap

In October 1999, the Board of Directors of the Company approved the Share Exchange Agreements (Agreements) with the shareholders of AB Leisure Exponent, Inc. (ABLE), operator of a number of bingo parlors, for the acquisition of the entire outstanding capital stock of ABLE in exchange for 750 million new shares of the Company valued at ₱750 million. By virtue of the Agreements, ABLE became a wholly owned subsidiary of the Company.

On September 19, 2000, the Securities and Exchange Commission (SEC) approved the Company's increase in authorized capital stock to ₱2.5 billion. Out of the aforementioned increase which consists of a total 2.5 billion common shares at ₱ 1 par value, a total of 750 million common shares with aggregate par value of ₱750 million have been subscribed and fully paid for through the assignment in favor of the Company of 500,000 common shares of ABLE representing the entire outstanding capital stock thereof by ABLE shareholders. This subscription and payment in ABLE shares was an implementation of the duly executed Agreements between the Company and ABLE's shareholders. Initially, 236,626,466 shares were approved by SEC for release to previous ABLE shareholders. The remaining shares corresponding to 513,373,534 were principally held in escrow with a local commercial bank. In 2003, the stockholders of LRWC approved the decrease in authorized capital stock from 2.5 billion shares to 1.6 billion shares at ₱1 par value per share. Accordingly, the Company's issued capital stock decreased from 1,162,678,120 to 744,114,784. This equity restructuring resulted in a reduction of ₱418,563,336 in the Company's deficit as at January 1, 2004 and reduced shares held in escrow to 328,559,059. In 2007 and 2008, SEC approved the release of 322,616,462 shares held in escrow. The remaining shares totaling 5,942,597 were finally approved for release on October 10, 2011.

On 18 June 2013, the SEC approved the increase in the authorized capital stock of the Company from ₱1.6 billion to ₱5 billion divided into 2.5 billion shares of common stock with par value of ₱1.00 per share and 2.5 billion shares of preferred stock with par value of ₱1.00 per share. Out of the increase, the Company issued 1.65 billion Preferred Shares through private placement. On September 20, 2013, the additional listing of the 1.65 billion Preferred Shares was filed with the Philippine Stock Exchange (PSE). The preferred shares that were issued have a coupon rate of 8.5% per annum, and are non-voting, non-convertible, cumulative, non-participating and redeemable at the option of the Company.

Corporate Entities

AB Leisure Exponent, Inc. (ABLE)

On 31 March 1995, ABLE was registered with the SEC. The primary purpose of ABLE and its subsidiaries is to provide amusement and recreation to the public in such forms as, but not limited to, traditional, electronic, pulltabs and rapid bingo games. Doing business as Bingo Bonanza Corporation, ABLE has established itself as the pioneer in professional bingo gaming in the Philippines. ABLE has thirty-two (32) wholly/majority owned subsidiaries. The Group operates one hundred twenty nine (129) bingo parlors nationwide (inclusive of six closed bingo parlors), all of which are owned by ABLE. There are two (2) dormant subsidiaries/bingo parlors and two (2) bingo parlors operated by minority owned affiliates. Philippine Amusement and Gaming Corporation (PAGCOR) granted ABLE and subsidiaries/affiliates

the authority to operate bingo games pursuant to PD 1869.

Bingo Bonanza (HK) Limited (BBL)

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

On September 4, 2015, BBL passed and approved a resolution authorizing the making of a Statutory Declaration to the effect that the Company will become dormant with effect from date of delivery of the Statutory Declaration to the Registrar of Companies in Hongkong.

On September 10, 2015, the Registrar of Companies in Hongkong declared BBL as dormant.

Total Gamezone Xtreme Incorporated (TGXI)

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

To date, LRWC is the registered owner to One Hundred Percent (100%) of the TGXI's outstanding capital stock in the amount of Two Hundred Eighteen Million Pesos (₱218,000,000.00) divided into Two Million One Hundred Eighty Thousand (2,180,000) shares with par value of One Hundred Pesos (₱100).

First Cagayan Leisure & Resort Corporation (FCLRC)

On 26 April 2000, FCLRC was incorporated. The Company acquired 35% of the outstanding capital stock of FCLRC by purchasing 43,750 shares with a par value of ₱100 last 20 September 2005. FCLRC has an existing License Agreement with the Cagayan Economic Zone Authority (CEZA) to develop, operate, and conduct internet and gaming enterprises and facilities in the Cagayan Special Economic Zone Free Port (CSEZFP). Pursuant to the License Agreement, FCLRC was issued the "CEZA Master Licensor Certificate" certifying that FCLRC is duly authorized to regulate and monitor on behalf of CEZA all activities pertaining to the licensing and operation of interactive games. On 03 March 2006, the Company's Board of Directors (BOD) approved the additional investment of 40,000 shares in FCLRC for an aggregate amount of ₱32 million. This additional subscription to FCLRC's shares brought the Registrant's total investment to 83,750 shares representing 50.75% of the issued and outstanding capital stock. On 03 April 2006, the BOD approved the acquisition of 31,250 shares, representing 25% of the issued shares (prior to issuance of the additional subscription) of FCLRC, from one of its shareholders, Joanna Heights, Inc., for an aggregate amount of ₱25 million on the same terms as the earlier additional subscription. The acquisition was completed upon execution of the Deed of Assignment of Rights on 27 September 2006. With this acquisition, the registrant now holds 115,000 shares representing 69.68% of the issued and outstanding capital stock of FCLRC.

Binondo Leisure Resources, Inc. (BLRI)

On 11 February 2003 BLRI was incorporated and subsequently amended in 02 July 2003. On 25 July 2003, the Company signed a Memorandum of Agreement (MOA) with BLRI. In accordance with the MOA, the Company acquired a 30% interest in BLRI through the assignment of shares. The MOA also indicated that the Company would subscribe to 200,000 preferred shares of BLRI with a par value of ₱100. On 13 May 2004, the SEC approved BLRI's increased in its authorized capital stock, from Five Million Pesos (₱5,000,000.00) divided into Fifty Thousand (50,000) common shares with par value of ₱100.00, to Fifty Million Pesos (₱50,000,000.00) divided into Two Hundred Thousand (200,000) common shares and Three Hundred Thousand preferred shares with both par value of ₱100.00.

Blue Chip Gaming and Leisure Corporation (BCGLC)

On 09 October 2009, BCGLC was registered with SEC. Its primary purpose is to provide investment, management, counsel, and to act as agent or representative for business enterprises engaged in gaming, recreation and leisure activities. On 20 October 2009, BCGLC (lessor), as the authorized representative of Munich Management Limited – a foreign corporation duly organized and registered in British Virgin Islands, entered into a contract of lease with PAGCOR (lessee) for the use of slot machines and gaming facilities.

On 27 April 2011, LRWC purchased 26,250 shares of BCGLC representing 70% of BCGLC's outstanding capital stock. The purchase was ratified by LRWC's BOD on 24 May 2011. On 01 December 2015, LRWC purchased the remaining 30% or 11,250 shares from BCGLC's minority stockholders.

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

On 17 December 2015 BCGLC received a letter from PAGCOR, informing that 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 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.

Prime Investment Korea, Inc. (PIKI)

On 22 March 2013, LRWC purchased 10,000,000 shares of PIKI representing 100% ownership at a price of ₱1,000,000. The purchase was ratified by LRWC's BOD on 10 June 2013. The acquisition is in line with the Group's goal to expand and venture in other forms of gaming.

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

Hotel Enterprises of the Philippines, Inc. (HEPI)

On 11 November 2012, LRWC executed an Investment Agreement with Eco Leisure and Hospitality Holding Company, Inc. (Eco Leisure) and Hotel Enterprises of the Philippines, Inc. (HEPI) for the acquisition of fifty-one percent (51%) of the outstanding capital stock of HEPI which owns and operates the Midas Hotel and Casino. LRWC's total investment in HEPI, paid in cash, is Seven Hundred Fifty Million Pesos (₱750,000,000.00). LRWC and Eco Leisure executed a Shareholders' Agreement to embody their mutual agreements and covenants concerning the sale and purchase of HEPI's shares, respective rights and obligations while certain covenants and conditions have not been fully complied by the parties under the Investment Agreement.

On 26 December 2012, HEPI filed an application for the amendment of its Articles of Incorporation to extend its corporate life, which application, however, was disallowed by the Corporate Registration and Monitoring Department (CRMD) of the Securities and Exchange Commission (SEC). In compliance with the rules of procedure of the SEC, HEPI appealed the SEC-CRMD's decision before the SEC *En Banc* via a Memorandum on Appeal.

On 01 October 2013, the SEC *En Banc* denied HEPI's appeal and affirmed the SEC-CRMD's denial of HEPI's application. On 22 October 2013, HEPI filed a Petition for Review (Petition) with the Court of Appeals seeking the reversal of the SEC Decision citing, among others, the following grounds: (a) HEPI's failure to file the application for the amendment of its articles of incorporation is due to justifiable reasons similar to cases where the SEC has allowed the filing, and eventually approved, application for extension of corporate term notwithstanding its expiration; (b) there is substantial evidence of HEPI's clear and unequivocal intention to continue with its corporate existence; (c) there are practical and socio-economic considerations in favor of allowing the extension of HEPI's corporate term; and (d) recent developments relating to the corporate term negate the rationale behind the SEC's strict application of the rules.

The Office of the Solicitor General (OSG) filed its Comment dated 28 January 2014 to the Petition on behalf of the respondents essentially reiterating the arguments of the SEC *En Banc* in denying HEPI's Memorandum on Appeal. HEPI filed its Reply to the Comment on 25 February 2014.

On 25 July 2014, HEPI filed its Memorandum. The OSG filed its manifestation that it is adopting its Comment dated 28 January 2014 as its Memorandum.

On 02 December 2014, the Court of Appeals issued a Decision finding for HEPI and directing the SEC to give due course to HEPI's application for amendment of articles of incorporation to extend its corporate term.

On 10 March 2016, the Amended Articles of Incorporation of Hotel Enterprises of the Philippines, Inc. amending Article II Primary Purpose, Article IV extending the term of the corporate existence of the company to another fifty (50) years from 30 July 2012, Article VI decreasing the number of the Board of Directors to 7 and Article XI adding new provisions governing the issuance and transfer of shares of the corporation.

AB Leisure Global, Inc. (ABLGI)

On 20 October 2009, SEC approved the incorporation of another wholly owned subsidiary, AB Leisure Global Inc. (ABLGI), whose primary purpose is to purchase, acquire, own, use, improve, construct, develop, maintain, subdivide, sell, dispose of, exchange, lease and hold for investment, or otherwise deal with real estate and personal property of all kinds, including the management and operation of the activities conducted therein pertaining to general amusement and recreation enterprises, such as but not limited to resorts, golf courses, clubhouses and sports facilities, hotels and gaming facilities, with all the apparatus, equipment and other appurtenances as may be related thereto or in connection therewith. The authorized capital stock of ABLGI is Five Million (₱5,000,000.00), divided into Fifty Thousand shares (50,000) with par value of One Hundred Pesos (₱100.00), of which, One Million Two Hundred Fifty Thousand (₱1,250,000.00) has been actually subscribed and Three Hundred Twelve Thousand Five Hundred (₱312,500.00) of the subscribed shares has been paid up. On 06 May 2013, the Company's BOD approved the increase in the authorized capital stock from Five Million Pesos (₱5,000,000) to Two Billion Pesos (₱2,000,000,000) divided into Twenty Million Shares (20,000,000) with par value of One Hundred Pesos (₱100) per share. Relative to this, LRWC subscribed and paid One Billion Four Hundred Fifty Million Pesos (₱1,450,000,000.00) as of 31 December 2013.

The SEC approved the increase in its authorized capital stock on February 2014.

During 2014, LRWC subscribed and paid additional Ninety Eight Million Seven Hundred Fifty Thousand Pesos (₱98,750,000.00) bringing its total investment to One Billion Five Hundred Fifty Million Pesos (₱1,550,000,000.00) by 31 December 2014.

LR Land Developers, Inc. (LRLDI)

On 11 December 2007, the SEC approved the incorporation of a wholly owned subsidiary, Northern Philippines Land and Property Development Inc. (NPLPDI), whose primary purpose is to engage in the business of purchasing, leasing, owning, using, improving, developing, subdividing, selling, mortgaging exchanging, leasing, and holding for investment or otherwise, real estates of all kinds and build or cause to be built on any such land owned, held or occupied for management or disposition buildings, houses, or other structures with their appurtenances. On 03 March 2008, SEC approved the amendment to the Articles of Incorporation changing its name to LR Land Developers, Inc.

On 16 April 2012, Techzone was incorporated in the Philippines, a 50% owned associate of LRLDI, which is engaged in the acquisition, lease, donation, etc. of real estate of all kinds. Techzone has not started commercial operations as of 31 December 2015.

LRWC Articles of Incorporation and By-Laws

The stockholders of LRWC approved various amendments to the Company's Articles of Incorporation. The more relevant amendments relating to the current operations are as follows:

a) Seventh Article of the Articles of Incorporation

The authorized capital stock of the Corporation shall be increased from ₱1.6 billion to ₱5 billion divided into 2.5 billion shares of common stock with par value of ₱1.00 per share and 2.5 billion shares of preferred stock with par value of ₱1.00 per share. The preferred shares may be issued in tranches or series and shall be non-voting, non-participating, entitled to preferential and cumulative dividends at the rate not exceeding 12% per annum, and shall have such other, rights, preferences, restrictions and qualifications consistent with law and these articles of incorporation, as may be fixed by the Board of Directors at their issuance.

b) Second Article of the By-Laws

The Annual Meeting of the Stockholders shall still be held within the principal office of the Corporation in Metro Manila on the last Friday of July each year, unless a different date is fixed by the Board of Directors. The reference as to the time of the Annual Meeting, i.e. at the hour of 2:00 P.M. shall be deleted.

c) Third Article of the By-Laws

The notice requirement of regular or special meetings of the Board shall be amended to state that written notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be sent by the Secretary to each director by personal delivery (messenger), ordinary or express mail (courier), facsimile or e-mail. The notice shall also include the following an (a) inquiry on whether the director will attend physically or through video/teleconference; (b) Contact number/s of the Corporate Secretary and his or her office staff whom the director may call to notify and state whether he shall be physically present or shall attend through video/teleconference; (c) Agenda of the meeting.

If the director chooses to attend the meeting through video/teleconference, he shall give notice of that fact to the Secretary at least two (2) days before the scheduled meeting and inform the latter of his contact number/s. The Corporate Secretary shall inform the director concerned of the contact number/s he will call to set up the video/teleconference to be able to join the meeting. The Corporate Secretary shall keep the records of the details and, on the date of the scheduled meeting, confirm and note such details as part of the minutes of the meeting.

The above-mentioned Increase in Authorized Capital Stock and the Amendment of the Articles of Incorporation and By-Laws were approved by SEC on 18 June 2013.

d) Third Article of the Articles of Incorporation

The Company's specific principal office address is at 26th Floor, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City. This amendment is in compliance with SEC Memorandum Circular No. 6, Series of 2014 and was approved on August 18, 2014.

Cash Dividends

On 26 July 2013, the BOD approved the declaration of cash dividend equivalent to ₱0.040 per share payable to all common stockholders of record as of 28 September 2013, and another cash dividend of ₱0.040 per share payable to all common stockholders of record as of 28 February 2014. In addition, the Board also approved the distribution of cash bonus to all of its directors in the amount of Five Hundred Thousand (₱500,000.00) each.

On 26 June 2014, the BOD approved the declaration of cash dividend equivalent to ₱0.040 per share payable to all common stockholders of record as of 29 September 2014, and another cash dividend of ₱0.040 per share payable to all common stockholders of record as of 27 February 2015. In addition, the Board also approved the distribution of cash bonus to all of its directors in the amount of Five Hundred Thousand (₱500,000.00) each.

Also on 26 June 2014, the BOD approved the declaration of cash dividend equivalent to ₱0.0425 per share payable to all preferred stockholders of record as of 10 July 2014. Another cash dividend of ₱0.0425 per share payable to all preferred stockholders of record as of 11 December 2014 was declared on 26 November 2014.

On 15 June 2015, the BOD approved the declaration of cash dividend equivalent to ₱0.0425 per share payable to all preferred stockholders of record as of 30 June 2015 and cash dividend of ₱0.0425 per share payable to all preferred stockholders of record as of 29 December 2015.

On 09 July 2015, the BOD approved the declaration of cash dividend equivalent to ₱0.060 per share payable to all common stockholders of record as of 29 September 2015 and cash dividend of ₱0.060 per share payable to all common stockholders of record as of 26 February 2016. In addition, the Board also approved the distribution of cash bonus to all of its directors in the amount of One Million Pesos (₱1,000,000.00) each.

Others

On 11 March 2011, the BOD authorized the issuance, through private placement, of ₱150 million shares from its unissued capital stock at a price of ₱7.50 per share. The newly issued shares were subscribed by third parties. Twenty-Five percent (25%) of the subscription amount was paid upon the execution of the Subscription Agreements on 24 March 2011, while the remaining Seventy-Five percent (75%) was settled on 15 May 2011. The issuance of these shares was filed with SEC on May 2011 and was approved and ratified by the Stockholders in the Annual Stockholders' Meeting held on 29 July 2011. As a result of this issuance, the total issued and outstanding stocks of the registrant as at 31 December 2011 increased to 999,877,094 shares.

On 11 November 2012, LRWC executed an Investment Agreement with Eco Leisure and Hospitality Holding Company, Inc. (Eco Leisure) and Hotel Enterprises of the Philippines, Inc. (HEPI) for the acquisition of fifty percent (50%) of the outstanding capital stock of HEPI which owns and operates the Midas Hotel and Casino. LRWC's total advances amounted to Seven Hundred Fifty Million Pesos (₱750,000,000.00) which pertain to the deposits made by the Company to Eco Leisure in relation to the aforementioned purchase agreement. The deed of absolute sale for the transfer of shares of stocks was executed on 13 November 2012.

On various dates from May 2013 to September 2013, LRWC issued ₱1.65 billion preferred shares through private placement or issuance to not more than nineteen (19) non-qualified buyers under the Section 10.1(k) of the Securities Regulation Code. The ₱1.65 billion perpetual preferred shares have a par value of ₱1.00 per share and an issue price of ₱1.00 per share. The preferred shares are cumulative, non-voting and non-participating. On the fifth anniversary of the issue date of the ₱1.65 billion perpetual preferred shares or on any dividend payment date thereafter, LRWC has the option, but not the obligation, to redeem the perpetual preferred shares in whole or in part at a redemption price equal to the issue price of the perpetual preferred shares plus cumulated and unpaid cash dividend, if any, for all dividend periods up to the date of actual redemption by LRWC. A nil-paid, detachable warrant was issued to the investor/(s) for every twenty (20) preferred shares. Each warrant shall entitle the investor/(s) to purchase one (1) common share. The exercise price of the warrant shall be ₱15.00 or LRWC's weighted average trading price for three (3) months prior to the exercise date of the warrant less ten percent (10%) discount. The warrants are exercisable starting on the 5th anniversary of the perpetual preferred shares until the 8th anniversary.

Products, Games and Distribution Methods

AB Leisure Exponent, Inc. (ABLE)

ABLE (popularly known as Bingo Bonanza Corporation), the pioneer in professional bingo gaming in the Philippines, is a 100% subsidiary of the Company. ABLE bingo parlors 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.

The Electronic Bingo is now the principal product line of ABLE. Through profitable business partnerships, sound business strategy that combines technological innovation and continuous variations of bingo games, ABLE maintains its niche in the industry.

ABLE launched the E-bingo games (EBG) in 2002 with 20 machines. As of 31 December 2015, around 8,585 machines were installed in 119 affiliated bingo parlors.

The Traditional Bingo continues to thrive by implementing game variations, including among others, Quick Shot, Circle 8, Instant Bingo Bonanza, Player's Choice, and X Game. In addition to these variations, ABLE also introduced the Video Link Bingo, which enables bingo players in one parlor to play simultaneously same game with players in other parlors for bigger payouts. The majority of the Metro Manila bingo parlors have been linked for the metro-wide bingo game. Likewise, the Visayas' bingo parlors have been linked to form their own cluster.

In August 2005, ABLE introduced Rapid Bingo with 14 terminals in 14 bingo parlors. By end of 2015, a total of 131 Rapid Bingo terminals were installed in 123 bingo parlors.

ABLE also introduced Pull Tabs in the latter part of 2005 and continues to market said product to all its operational bingo parlors and other non-affiliated establishments.

ABLE and its subsidiaries/affiliates operates 129 bingo parlors nationwide (inclusive of six closed bingo parlors), all of which are owned by ABLE. There are two (2) dormant subsidiaries/bingo parlors and two (2) bingo parlors operated by minority owned affiliates. Most of these bingo parlors are located in major shopping malls in Metro Manila and in key provincial cities. Enumerated below is a list of bingo branches, subsidiaries/affiliates, its locations, date of organization and ABLE's equity interest:

Company-Owned Bingo Parlors:			
		Location	
		1	SM Mega Mall, EDSA, Mandaluyong City
		2	Sta. Lucia East Mall, Cainta, Rizal
		3	SM City, North EDSA, EDSA, Quezon City
		4	New Farmers Plaza, EDSA, Quezon City
		5	Makati Cinema Square, Pasong Tamo, Makati City
		6	SM Southmall, Almanza, Las Pinas City
Bingo Parlors Owned Through Subsidiaries/Equity			
	Date of Organization	Location	
Alabang Numbers & Gaming Corp., 100%	11/18/1997	1	Festival Supermall, Alabang, Muntinlupa City
		2	Festival Boutique, Alabang, Muntinlupa City
		3	Wharf Boutique at Lakefront, Km 20, East Service Road, Sucat, Muntinlupa City
		4	2nd Floor, V. Central Mall, New Molino Blvd. Molino, Cavite City
All Point Leisure Corporation, 100%	7/16/1997	5	3rd Floor, SM Centerpoint, Araneta Avenue cor Magsaysay Blvd., Sta. Mesa Manila

		6	Ground Floor, Harrison Plaza Commercial Complex, Mabini St., Malate, Manila
Alpha One Amusement and Recreation Corp	5/23/2013	7	Romero Bldg. 1337 Edsa Balintawak Quezon City
Big Time Gaming Corporation, 100%	3/27/2006	8	Sunshine Blvd. Plaza, Quezon Ave. Corner Sct Santiago & Panay Ave., Quezon City
		9	2/F Intrepid Plaza Bldg., E. Rodriguez Ave. Brgy Bagumbayan, Quezon City
		10	G/F QY Plaza, 233 Tomas Morato Ave., South Triangle 4, Quezon City
		11	Unit 102, 6th Flr., Web Jet Acropolis Bldg. 88 E. Rodriguez Jr Ave., Bagumbayan 3, Quezon City
		12	Robinsons' Supermarket, EMA Town Center, Brgy. Camalig, Meycauayan Bulacan
		13	G/F Madison Square Alabang Zapote Road, Las Pinas City
		14	G/F Merville Arcade, West Service Road, corner Merville Brgy. 201 Pasay City
		15	2/F Bocobo Commercial Center, #1244 Legaspi St., Bocobo cor Padre Faura St., Ermita Manila
		16	G/F Confil Bldg., National Road, Brgy. Lumang Bayan, Calapan City, Mindoro
		17	G/F A.S. Commercial Bldg., Unit A, B, C, Falcon St., Brgy. Poblacion 5, Sta. Cruz, Laguna
		18	G/F Sogo Bldg., Brgy San APA Mahalika Highway, Cabanatuan City
		19	Puregold San Mateo, Km 21 Gen. Luna St., Brgy Banaba, San Mateo Rizal
		20	G/F Icon Hotel, #967 EDSA corner West Avenue, Brgy Philam, Quezon City
		21	2F Parkmall E. Ouano Ave. Brgy. Tipolo City South Mandaue Reclamation Area, Special Economic Administrative Zone Mandaue City
22	SkyOne Bldng., Brgy. Isidro Angono Rizal		
23	C. M Recto Avenue Brgy. 313 Zone 31, Sta. Cruz Manila		
Bingo Dinero Corporation, 95%	8/19/1998	24	SM City, North Reclamation Area, Cebu City
Bingo Extravaganza, Inc., 100%	1/11/1999	25	SM Sucat, Sucat Road, Paranaque City
		26	SM City Bicutan, Don Bosco, Paranaque City
		27	Tonie's Mart, Puerto Princesa, Palawan
		28	A. Salvador St., Sta. Veronica, Guimba, Nueva Ecija
		29	8343 Elorde Sports Complex, San Antonio, Paranaque City
		30	#424 Division Road, Brgy. Sta. Rosa, Bagumbong Nueva Vizcaya
Bingo Gallery, Inc., 100%	10/16/1998	31	Liana's Mutya ng Pasig Mall, Caruncho, Pasig City
		32	SM City Mastersons Ave., Canitoan, Cagayan de Oro City
		33	Robinsons Metro East, Santolan, Pasig City
		34	Ground Flr., Molino Blvd., 678 Dampa Wet & Dry Commercial Complex, Brgy Bayaran, Bacoor Cavite
Bingo Palace Corporation,	8/19/1998	35	Robinson's Place, Ermita, Manila

100%		36	SM Mall of Asia, Pasay City
		37	LGF Congressional Town Center, #23 Congressional Avenue, Quezon City
		38	G/F Robinson's Luisita Brgy San Miguel, Hacienda Luisita Tarlac
Cebu Entertainment Gallery, Inc., 100%	9/7/1998	39	Elizabeth Mall, Leon Kilat St., Cebu City
First Leisure and Game Co., Inc., 100%	12/9/1997	40	Robinson's Place, Lacson Street, Mandalagan, Bacolod City
		41	G/F Art District Bldg., Lacson St., Lopue's Mandalagan, Bacolod City
		42	G/F Gustilo Town Center & Northland Resort, Provincial Road cor National Highway, Manapla, Negros Occidental
		43	G/F Gaisano Mall, Araneta St., Brgy. Singcang, Bacolod City, Negros Occidental
		44	G/F Gaisano Mall, Cagba Brgy Tugbu, Masbate City
		45	G/F Centro Mall Lopez Ave., Batong Malake, Los Banos, Laguna
		46	Rosalie Bldg. Gaisano Door Brgy. Tabunok Talisay City Cebu
		47	2/F Felcris Centrale, Quimpo Boulevard, Brgy. 40-D Davao City
		48	Grand Gaisano Mall Quezon Ave. Digos City Davao
Galleria Bingo Corporation, 100%	10/27/1998	49	Robinson's Galleria, EDSA, Quezon City
Gamexperience Entertainment Corp	5/21/2013	50	G/F Greenhills Town Center , Valencia Quezon City
G-One Gaming and Technology, Inc., 100%	4/6/1998	51	SM City Bacoor, Tirona Highway, Cavite
Grand Polaris Gaming Co., Inc. 100%	5/24/2013	52	2/F SM City Cauayan, San Fermin, National Highway, Cauayan City, Isabela
		53	LGU Commercial Bldg., Osmena Avenue, Roxas, Isabela
Highland Gaming Corporation, 100%	6/6/2000	54	Baguio Centermall, Baguio City
		55	SM City Baguio, Luneta Hill, Baguio City
Iloilo Bingo Corporation, 100%	12/1/1999	56	SM City Iloilo, Manduriao, Iloilo City
Isarog Gaming Corporation, 90%	4/24/1998	57	SM City Naga, CBD2, Brgy Trianggulo, Naga City
		58	B3, Unit 1,2,3,544, 55 & 56 ALDP Mall, Roxas Ave Trianggulo, Naga City
Manila Bingo Corporation, 95%	9/24/1997	59	SM City Fairview, Regalado, Fairview, Q.C.
Metro Gaming Entertainment Gallery, Inc., 100%	6/24/1998	60	M-Star, CV Star Ave., Pamplona, Las Pinas City
		61	SM Supercenter, Molino Rd., Bacoor, Cavite
		62	5/F 168 Divisoria Mall, Soler St. Binondo, Manila
		63	Unit GF, ANS-08 Pasay City Mall Ave cor Arnaiz, Pasay City
		64	RSAM Center Bldg, J.P. Laurel Cor. Munting Bayan St, Brgy Poblacion IX, Nasugbu, Batangas
65	Starmall, Brgy Kaypian San Jose Del Monte, Bulacan		
Negrense Entertainment Gallery, Inc. 55%	4/24/2012	66	Ground Floor, Robinsons Place Dumaguete Brgy. Calindagan Business District, Dumaguete City
		67	Ground Floor, Lee Plaza Hypermart, Bagacan, Dumaguete City

		68	1244 Legaspi Street Brgy. Poblacion, Tanjay City Negros Oriental
One Bingo Place, Inc., 80%	5/3/2000	69	SM City Manila, Arroceros St., Manila
One Bingo Pavillion, Inc. 100%	1/28/2013	70	Puregold Price Club, Magsaysay Road, Brgy San Antonio, San Pedro, Laguna
		71	G/F Tawala Panglao Bohol
		72	Mazaua Resort, Malvar Circle, JP Avenue, Brgy. Holy Redeemer, Butuan City
		73	Sky One Bldg, Brgy Baleleng, Bantay Iocos Sur
		74	Bldg 537, Rizal Highway Subic Bay Freeport Zone Zambales
Rizal Gaming Corporation, 100%	11/12/1998	75	Robinson's Place, Cainta, Rizal
		76	Robinson's Pioneer, Edsa, Mandaluyong City
		77	Robinsons Boutique, Cainta, Rizal
		78	ITSP Bldg, Ortigas Ave., Brgy San Isidro, Taytay, Rizal
		79	2nd Flr., Graceland Plaza Bldg., J.P. Rizal St., Brgy. Malanday, Marikina City
		80	Hollywood Suites and Resort, Mac Arthur Highway, Brgy Ibayo, Marilao Bulacan
		81	RMR Graceland, 858 Tandang Sora Avenue, Brgy. Tamo, Quezon City
SG Amusement and Recreation Corp., 100%	8/24/2005	82	Greenhills Shopping Center, San Juan City
		83	Villa Bldg. Jupiter St., Makati City
		84	Wilson Square, P.Guevarra, San Juan City
		85	Unit # M5 Hobbies of Asia, #8 Pres. Diosdado Macapagal Blvd, Pasay City
		86	Upper G/F D. Quadrllon Mansion N. Domingo St. San Juan City
		87	San Juan Commercial Bldg. F. Manalo corner F. Blumentrit San Juan City
South Bingo Corporation, 100%	12/10/1997	88	SM City Davao, Quimpo Blvd., Davao City
South Entertainment Gallery, Inc., 100%	12/13/2000	89	G/F Victory Town Center, Lemery Batangas
		90	SM City, San Fernando City, Pampanga
		91	SM Supercenter, Muntinlupa City
		92	SM City Tarlac, San Roque, Tarlac City
		93	Robinsons Calasiao, Calasiao, Pangasinan
Summit Bingo, Inc., 60%	1/19/1999	94	2nd Flr., New St Bldg., Macarthur Highway, Balibago, Angeles City, Pampanga
Topmost Gaming, Corp. 100%	1/13/1998	95	2nd Flr., SM City Novaliches, Quirino Highway, Novaliches, Quezon City
		96	2nd Flr., SM Hypermarket Cubao, EDSA cor Main Ave., Brgy Socorro 3, Cubao Quezon City
		97	2nd Flr., SM Hypermarket Cainta, Felix Avenue, Cainta, Rizal
		98	Sapphire Bldg., Govic Avenue, Paulien Dirita, Iba Zambales
		99	Fortune Plaza, Brgy Wawa, Balagtas Bulacan
Topnotch Bingo Trend, Inc. 100%	6/1/2009	100	5/F Metropoint Mall, Edsa Taft, Pasay City
		101	2/F SM City Batangas, Pallocon West, Batangas City
		102	2/F SM City Rosario, Brgy. Tejero Convention, Rosario, Cavite City

		103	2/F SM City Rosales, Mc Arthur Highway, Carmen East, Rosales, Pangasinan
		104	2/F Sm City Marikina, Brgy. Calumpang, Marikina City
		105	2/F SM City Clark, M.A. Roxas Highway, Brgy. Malabnias, Clark, Pampanga
		106	2/F SM City Lipa, Ayala Highway, Brgy Maraouy, Lipa City, Batangas
		107	LGF SM City San Lazaro. F. Huertas St., Sta. Cruz, Manila
		108	SM City Taytay, B1 Bldg. A, Brgy. Dolores, Taytay, Rizal
		109	G/F Metropoint Mall, Edsa Taft, Pasay City
		110	IPI Buendia Tower Bldg, Unit 102 & 103, Sen. Gil Puyat Ave., Pasay City
Worldwide Links Leisure and Gaming Corp., 100%	12/8/2011	111	Silver City, Frontera Drive, Dona Julia Vargas Avenue, Pasig City
		112	56 Rizal St., Mati City Davao Oriental
		113	G/F Malangen Bldg., E. Rodriguez Sr., Brgy. Kristong Hari, Quezon City
		114	88 E. Rodriguez Avenue, Brgy. Ugong, Pasig City
		115	Royal Arranque Commercial Center C.M Recto Sta. Cruz Manila
Bingo Parlor Owned Through An Affiliate/Equity:			
	Date of Organization	Location	
Insular Gaming Corporation, 40%	12/13/2000	1	G/F, Berds Bldg., Iligan City
Vinta Gaming Corporation, 50%	4/28/2003	2	Gaisano Mall, Koronadal, South Cotabato (temporary closed)

Total Gamezone Xtreme, Inc. (TGXI)

TGXI is 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) eGames stations. The company continues to expand its operations through rebranding of existing PeGS, setting up new gaming venues in new locations, and acquiring existing branches from other operators.

PAGCOR e-Games Station (PeGS) outlets act as a medium where one can play in an online casino with players from other virtual stations. The total amount of bets placed in these online games is monitored by a centralized server run by the Philweb Corporation.

As of 31 December 2015, TGXI has fifty three (53) branches with a total of 1,974 terminals.

	Branch	Location
1	ADRIATICO	1766 Adriatico Street, Malate, Manila
2	ALABANG (starmall)	2F, Starmall, Alabang, Muntinlupa
3	ANTIPOLO	2F, CMDL Bldg., Circumferential Road, Sumulong Highway, Antipolo City
4	ARRANQUE	2F, Royal Arranque Building, C.M. Recto Ave., Sta. Cruz, Manila
5	BALINTAWAK	1250 EDSA, Brgy Apolonio Samson, Balintawak, QC
6	BAMBANG	1656 Bambang St., Oroquieta St., Sta. Cruz, Manila
7	BF PARANAQUE 2	RL Lopez Bldg., Lopez Avenue, Sucat, Pque CityRL Lopez Bldg., Lopez Avenue, Sucat, Pque City

8	BIÑAN-1	El Rancho Hotel, National Highway, brgy Canlalay, Biñan, Laguna
9	BIÑAN-2	GF, Kid Tower Mall, Brgy. San Antonio, Biñan City, Laguna
10	BINANGONAN	GF, Grace Building, National Road cor A. Bonifacio St., San Carlos, Binangonan, Rizal
11	CAINTA 3	Unit 6 - G&T Place, Km 20 Ortigas Avenue Extension, Cainta, Rizal
12	CAINTA 4	2 nd Floor Saunterfield Bldg. Km20 Brgy. Sto. Nino Ortigas Ave. Extension Cainta, Rizal
13	CALOOCAN	Unit 8 2/F, Juan Kalayaan Bldg., 284 Brgy. 072 District 2, Caloocan City
14	CARMONA	Unit 5, Pasel de Carmona, Brgy. Maduya, Carmona, Cavite
15	CUEVAS VILLE / MOLINO 2	Units 10&11, Cuevasville Commercial Building 3, Daanghari Road, Molino 4, Bacoor, Cavite
16	DEL MONTE	716 Del Monte Avenue, Talayan, QC
17	DON ANTONIO	2F, Don Antonio Sports Complex, Brgy Holy Spirit, Quezon City
18	FESTIVAL MALL 1	GF, Parkway Lane, Festival Mall, Muntinlupa City
19	GRANADA	Unit 50, Villa Ortigas III Building, Granada Street, Valencia, Quezon City
20	HILLSTOP	Hillstop Garden Restaurant, Palos Verdes Heights Commercial Area, Sumulong Highway, Brgy. Sta. Cruz, Antipolo City
21	KATIPUNAN	175 Katipunan Ave., Loyola Heights, Quezon City
22	KAWIT	GF, Bautista Arcade, Brgy Binakayan, Kawit, Cavite
23	LIBERTAD	Cruz Building, Taft Ave. Near Libertad, Pasay City
24	MABALACAT 2	Stall 19, Pineda Building, Mc. Arthur Highway, Mabalacat, Pampanga
25	MADISON	GF, Bldg. B, Madison Square #4, Pioneer Street, Mandaluyong City
26	MALABON	Unit 3 Francis Market , Gov. Halili cor M.H Del Pilar Sts., Tenajeros Malabon
27	MANGGA DUA	2F, Mangga Dua Sohotel, Ortigas Ave. Extn, Rosario, Pasig City
28	MANGGAHAN 1	2F, MSI Building, Governor's Drive, Brgy Manggahan, Gen. Trias, Cavite
29	MAYBUNGA	2F, SGC Building, C. Raymundo Ave., Brgy. Maybunga, Pasig City
30	MEYCAUAYAN	665-A, McArthur Highway, Nrgy Bancal, Meycauayan, Bulacan
31	MOLINO 1	2nd & 3rd Floor,k Sobremonte Building, Fardenia Street, Villamaria Subd., Molino 3, Bacoor, Cavite
32	NAIA 1	99 Pal Drive, Airlane Village, Brgy. Vitales, Parañaque City
33	NOVALICHES	Door 432-B Del Macoa, Talipapa, Novaliches, Quezon City
34	ORANBO	GF, GCA Building, 700 shaw Blvd., Bo. Kapitolyo, Pasig City
35	PACO	Unit 3, Topmark Building, Paz Mendoza Guazon St., Paco, Manila
36	PASO DE BLAS 1	2F, LB Bldg., Paso de Blas Road, Valenzuela City
37	PLARIDEL	Amorante Bldg 1, Cagayan Valley Road, Brgy. Tabang, Plaridel, Bulacan
38	PULILAN	SVC bldg. Cagayan Valley Road Brgy Sto. Cristo Pulilan , Bulacan
39	QUIRINO	808-810 Quirino Ave. Cor. Taft Ave, Malate, Manila
40	SAN JOSE DEL MONTE	Umerez Compound, Tungkong Mangga, San Jose Del Monte City, Bulacan
41	SAN MIGUEL	Total Gas Station, National Highway, Cagayan Valley Road, Brgy. Kamias, San Miguel, Bulacan
42	SAN RAFAEL	141 Cagayan Valley Road, Brgy. Sampaloc, San Rafael, Bulacan
43	SILANG	Brgy. Buho, Silang, Cavite
44	SILVER CITY	Silver City Frontera Verde, Bo. Ugong, Paisg City
45	STA MARIA	112 C Gov. Halili Avenue, Brgy. Bagbaguin, Sta. Maria, Bulacan
46	STA ROSA	2F, Akisada Commercial Ctr, Old National Highway, Macabling, Sta. Rosa City, Laguna
47	STARMALL EDSA	2F, Starmall Building, EDSA cor Shaw Blvd., Mandaluyong City
48	SUBIC	Unit 27-30, 2F, One Stop Shop Building, Rizal Ave., corner Aguinaldo St., Subic Bay Freeport Zone, Olongapo City
49	TAYTAY 2	A3 & A2 Lui- Gin Bldg. Rizal Ave. Brgy San Juan Taytay Rizal
50	P TUAZON	Uni G-7, P. Tuazon Commercial Apartment, P. Tuazon Blvd., Cubao, QC
51	TUNASAN	GF, El Rancho Inn, National Highway cor. E. Rodriguez St., Tunasan, Muntinlupa City
52	VALENZUELA 2	GF, Puregold Valenzuela, 419 McArthur Highway, Brgy Dalandan, Valenzuela City
53	VISAYAS AVE	2F, MSK Building, Tandang Sora, Visayas Avenue, Quezon City

AB Leisure Global, Inc. (ABLGI)

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 ABLGI 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 BGRHC 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.

LR Land Developers, Inc. (LRLDI)

In 2010, LRLDI entered into an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), both third parties and corporations incorporated in the Philippines, to finance the construction of the airport at Lal-lo, Cagayan. The terms and conditions of the agreement include the following: (1) LRLDI agrees to invest funds or make advances into the Lal-lo Airport Project of CPVDC through a convertible loan in favor of CLPDC of a maximum of ₱700 million. CPVDC shall only use the advances to finance its capital expenditures and working capital requirements related to the construction development of the airport; (2) LRLDI shall have the right to convert, in whole or in part, the outstanding amount of the advances at the time of the conversion, into new, unissued common shares of CLPDC subject to mutually agreed conversion price per conversion share; (3) CLPDC acknowledges and agrees that the advances will be directly received by CPVDC; and (4) CLPDC shall execute a separate agreement with LRLDI which provides for the specific procedures and details of borrowing, execution of the conversion and or repayment.

The construction of the airport is in line with the Master Development Plan with CEZA within the CSEZFP. LRLDI and FCLRC have significant operations within the CSEZFP which will benefit from the construction of the airport. The construction of the airport is expected to be finished by the first quarter of 2014 when all the documents needed by the Civil Aviation Authority of the Philippines are submitted.

The Group intends to convert the advances into shares of stocks upon consolidation and issuance of land titles.

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

First Cagayan Leisure & Resort Corporation (FCLRC)

On 03 February 2001, FCLRC and CEZA entered into a License Agreement authorizing FCLRC to set up a network operation/hub with its internet server including web sites, gaming software, application programs, administrative software, hardware, internet, as well as telecommunication connections, collection and payment system and toll-free

telephone operations, all in connection with the development, operation and conduct of internet and gaming enterprises and facilities in CSEZFP. In line this mandate, FCLRC was also authorized and licensed to conduct interactive games as defined in the License Agreement.

Subsequent to the signing of the License Agreement, FCLRC and CEZA signed a Supplemental Agreement which provides authority for FCLRC in the following capacity: (1) Appointment as Master Licensor for internet gaming activities and shall be responsible for monitoring all activities pertaining to the licensing and operation of interactive games in CSEZFP; (2) Assist CEZA in its functions as regulator for interactive gaming activities on behalf of CEZA in accordance with CSEZFP Interactive Gaming Rules and Regulations; (3) The authorization as Master Licensor shall be exclusive for twenty-five (25) years starting from 2006 until 2031; (4) Authorized to collect a sub-license fee to two (2) percent of the gross winnings from the internet casino, in accordance with an agreed formula. Also, the Company is authorized to collect from sub-licenses, an annual fixed amount equivalent to \$48,000 for the first year of operations and \$60,000 thereafter, from sportsbook operators; and (5) the Company must pay CEZA, on a monthly basis to commence upon the start of actual operations, an amount equivalent to one (1) percent of the monthly gross winnings payable not later than the seventh (7th) day of the subsequent month. Starting on the sixth (6th) year after the start of the Company's operation, it shall pay a minimum guaranteed amount of \$250,000 each month.

FCLRC proposed a Master Development Plan in keeping its authority under the License Agreement. The Master Development Plan will accordingly create a self-sustaining industrial zone and mixed-use new township in the CSEZFP with tourism and leisure as the lead sector to be developed.

The Master Development Plan as envisaged by FCLRC shall comprise of the three (3) phases with time frame of completion as follows:

Phase I: which shall be completed one (1) year after authorization of the CEZA BOD, includes telecommunication connectivity via microwave radio, upgrading of the existing internet data center, conversion of the CEZA Complex into a gaming facility, upgrading of the San Vicente naval Airport and construction of a new CEZA Administration Office;

Phase II: which shall be completed three (3) years from completion of Phase I, shall include the telecommunication connectivity via fiber optic, redundant telecommunication connectivity and construction of a leisure and resort complex;

Phase III: which shall be completed three (3) years from completion of Phase II, shall include the implementation of the Comprehensive Feasibility Study that will provide a complete telecommunication infrastructure for the whole of the CSEZFP and development of a beach front property into a leisure and gaming facility.

As at 31 December 2015, there were 129 licensed locators, 111 of which are operational. Last year, FCLRC had 103 licensed locators, of which 84 were operational.

First Cagayan Converge Data Center, Inc. (FCCDC)

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. FCLRC owns 60% of the outstanding capital stock of FCCDCI. This joint venture corporation was formed to engage in the business of information technology such as IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution, premium dial up access, voice over internet protocol (VOIP), IP-wide area network services and other value added services. Presently, FCCDCI provides a range of services to Internet Gaming Operators at the CSEZFP for a fee. These revenue streams include but are not limited to the following:

- connectivity using wide bandwidth capabilities
- physical housing of the server to host the Internet site, in a high security site
- high quality monitoring and maintenance services for the Internet infrastructure
- hosting services which include connection of servers and data networking equipment to the same monitoring and management system

- a range of call center services
- a range of value added services for ongoing operation of the Internet Site and management of the Internet Casino Site
- office space
- administration services which includes facilities management, server management and network monitoring
- payment and receipt of gaming funds services
- telecommunication services
- physical security and monitored access
- off-site storage of back up materials in secure premises
- second level help desk service that includes provision of a single answering point for operational, performance, reporting and commercial issues
- value added services, such as website monitoring, traffic analysis, marketing analysis, telemarketing, and customer relationship management among others.

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

In 2009, FCLRC and FCCDCI agreed to apply ₱3.75 million of FCLRC's cash dividend against the subscription payable to FCCDCI.

IPVG Corp. acquired IPCDCC's ownership interest in FCCDCI and entered into a Deed of Assignment of Subscription Rights with IP E-Games Ventures, Inc. (IP E-Games), whereby IPVG Corp. assigned 9,999,998 shares of stock in FCCDCI with a par and issue value of ₱1. The assignment was made effective 01 January 2009. However, on 13 April 2011, the Board of Directors of both IP E-Games and IPCDCC jointly approved the sale of IP E-Games 40% equity stake in FCCDCI to IPCDCC for a total consideration of ₱120 million.

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

Competition

AB Leisure Exponent, Inc. (ABLE)

ABLE manages to stay on top of competition with its extensive network of bingo parlors, and by continuing the development of new parlors and game products. Consolidated sales grew by ₱1,477.4 million or 32.8% from ₱4,503.0 million in 2014 to ₱5,980.0 million in 2015.

Ever mindful of the growing major competitors such as Bingo Mania, Bingo Amusement Corporation, as well as small players and new entrants, ABLE sustains its market presence by aggressively offering huge jackpot payouts and launching new products to attract more players. Based on informal surveys, ABLE estimates its market share of the traditional bingo to be 35% to 40% in the last 3 years.

Total Gamezone Xtreme, Inc. (TGXI)

TGXI has successfully established its position as one of the major front runners among PeGS operators in the country through the acquisition of Digiwave Solutions, Inc (DSI) and by continuously increasing its number of PeGS gaming terminals. As of 31 December 2015, TGXI has 1,974 terminals located in 53 operating branches. PEGS are open 24 hours a day, 7 days a week and are located all over Metro Manila and nearby areas.

First Cagayan Leisure & Resort Corporation (FCLRC)

Being the master licensor of Internet gaming in Southeast Asia, FCLRC is in the forefront in leading the Cagayan Free Port as the premier i-Gaming licensing jurisdiction. FCLRC virtually has no competition in the industry in the Southeast Asia region. However, there are around 80 gaming jurisdictions around the globe.

Major Supplier

AB Leisure Exponent, Inc. (ABLE)

Currently, ABLE sources its bingo cards and supplies mainly from BK Systems Philippines, exclusive distributor of Bingo King, USA, one of the world's largest manufacturers and suppliers of bingo cards and bingo related products.

In 2002, ABLE entered into a Lease and Technical Assistance Agreement with FBM Gaming Arizona, Inc., to provide the necessary equipment, systems, facilities and technical support for the conduct and operation of Electronic Bingo Games.

In 2007, ABLE entered into a Lease and Services Agreement with Dingo Systems, Inc. to supply and lease gaming equipment and systems for the operation of the "Dingo Thunder Series System and Games".

In 2005, ABLE entered into a Memorandum of Understanding with Intralot S.A. Integrated Lottery Systems and Services to supply state-of-the-art hardware/software machines, equipment and accessories for the operation and conduct of computerized "on-line" bingo system known as the Rapid Bingo.

In 2011, ABLE and Intralot S.A. Integrated Lottery Systems and Services amended its Equipment Lease and Services Agreement which includes: (1) Assignment of parent company Intralot S.A. Integrated Lottery Systems and Services to Intralot, Inc. and (2) Extension of Equipment lease and Services Agreement from its original scheduled expiration in August 2010 to September 2015.

In 2013, ABLE and Intralot, Inc. entered into a new Equipment Lease and Services Agreement covering a new system and upgraded equipment, with a provision that the contract mentioned in the preceding paragraph automatically terminates on the date that the new Bingo System is ready to accept bets.

Also in 2013, ABLE entered into a System Lease and Technical Assistance Agreement with Gaming Arts, LLC to provide license to their Optima Bingo Software and to lease certain elements of Equipment (collectively the "System") and to render technical support for the conduct and operation of the System.

Dependence if any to Major Customers

The Company and its subsidiaries are not dependent upon a single customer or a few customers, the loss of any or more of which would not have a material adverse effect on the company and its subsidiaries taken as a whole.

Patents, trademarks & licenses

AB Leisure Exponent, Inc. (ABLE)

PAGCOR granted ABLE and its subsidiaries/affiliates (the Group), the authority to operate bingo halls pursuant to Presidential Decree No. 1869 (P.D. 1869). In consideration for the Grants, the Group shall pay PAGCOR 20% of its gross cards sales, representing franchise fees and taxes, which shall be remitted to PAGCOR on weekly basis. Pursuant to P.D. 1869, the BIR Franchise Tax shall be in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority. The Group deposited cash and performance bonds with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the Grants.

In 2008, PAGCOR approved and issued to its bingo grantees the Bingo Regulatory Order No. 2008-01 entitled

"Modified Computation of the Five Percent (5%) Franchise Tax". The regulation modified the basis for the computation of the BIR Franchise Tax being remitted to PAGCOR by the bingo grantees for their Traditional Bingo operations as follows: fifteen percent (15%) of its gross receipts from bingo card sales (representing PAGCOR share), and five percent (5%) of its gross revenue (i.e. gross sales less payouts), representing BIR franchise tax retroactive to 01 January 2008.

On 13 June 2000, PAGCOR granted ABLE the authority to be the primary and exclusive distributor of the Instant Charity Bingo Game II (ICBG2) cards to complement its existing bingo game operations pursuant to Presidential Decree No. 1869. In consideration for the Grant, ABLE shall pay PAGCOR, upon withdrawal of Instant Charity Bingo Game II cards, the regulatory fee of 12.5% of the gross sales value of the cards sold/purchased. However, because of the poor sales performance, ABLE discontinued the distribution of the cards during 2005 and wrote off the unsold cards amounting to ₱10,197,124.00 million in 2005. On 02 February 2007, ABLE received a letter from PAGCOR stating the conditions to continue the operations of ICBG2. On 12 December 2008, ABLE resumed commercial operations of ICBG2 scratch cards.

On 08 May 2001, PAGCOR granted the Group the authority to operate and conduct Electronic Bingo Games (E-bingo). In consideration for the Grants, ABLE shall pay PAGCOR 60% (representing 5% BIR franchise tax and 55% PAGCOR franchise fee) of their gross revenues from E-bingo operations. Starting 01 May 2010, ABLE shall remit to PAGCOR 52.5% of the gross revenues from E-bingo games to be distributed as follows: 5% representing BIR franchise tax and 47.5% as PAGCOR franchise fee.

On 03 August 2005, PAGCOR granted ABLE, the authority to distribute and sell pull-tabs or break-open cards in all branches and subsidiaries of ABLE. Distribution and sales of pull-tabs or break-open cards followed thereafter. In consideration of the Grant, ABLE shall pay PAGCOR 15% of gross card price, which will be remitted to PAGCOR upon draw-down of cards from the supplier regardless of quantity of cards sold.

On 27 September 2005, PAGCOR granted the Group, the authority to operate and conduct rapid bingo games, subject to the approved terms and conditions of the New Rapid Bingo System (NRBS) operations and the use of the prescribed NRBS card format. In consideration of the Grant, the Group shall pay PAGCOR 15%, representing franchise fees and taxes, of its gross sales from its conduct and operations.

On 20 June 2007, Philippine Congress passed Republic Act No. 9487, an act further amending P.D. 1869, otherwise known as the PAGCOR Charter. PAGCOR was granted from the expiration of its original term on 11 July 2008, another period of twenty-five (25) years, renewable for another twenty-five (25) years.

For all bingo venues, the Group has secured all other necessary licenses and permits at the local government level.

First Cagayan Leisure & Resort Corporation (FCLRC)

By virtue of CEZA Board Resolution No.05-003-01, dated 30 May 2001, FCLRC was granted by CEZA the exclusive authority as Master Licensor of internet gaming games and facilities in the CSEZFP for a renewable period of 2 years. CEZA also authorized FCLRC to assist CEZA in its functions as a Regulator of interactive gaming activities. Said appointment of FCLRC as Master Licensor was extended for 25 years by CEZA under Board Resolution No.09-002-06, dated 15 September 2006. The same resolution also granted FCLRC the authority to manage and operate the telecommunication facility in CSEZFP.

Hotel Enterprises of the Philippines, Inc. (HEPI)

On 08 December 2011, HEPI and PAGCOR executed a Contract of Lease for the operation of a casino on the ground floor, second floor, and penthouse of Midas Hotel and Casino. The term of the lease is ten (10) years, renewable at the option of PAGCOR. In consideration of the lease, PAGCOR shall pay HEPI the amount of ₱9.36 million per month, payable within the first fifteen (15) days of the succeeding month.

Also on same date, HEPI and PAGCOR entered into a Marketing and Cooperation Agreement which shall be co-terminus with the Contract of Lease. Under the Marketing and Cooperation Agreement, HEPI shall formulate the

marketing, advertising, and promotion of the casino while PAGCOR shall provide the necessary expertise for the day-to-day operation of the casino. HEPI and PAGCOR agreed to share in net monthly gaming revenues of the casino (total bets placed less payouts less 5% franchise tax) in the following proportion:

- a) 65% to PAGCOR
- b) 35% to HEPI after deducting PAGCOR's ₱9.36 Million expense (monthly rentals under this Contract of Lease); HEPI, however, is required to devote another 5% of the net monthly gaming revenues (taken from HEPI's share) exclusively for advertising, publicity, marketing and promotional activities for the casino.

Prime Investment Korea, Inc. (PIKI)

On 26 July 2013, PIKI and the PAGCOR 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. The Junket Agreement is effective for a period of three (3) years and renewable at the option of PAGCOR.

Concurrent with the execution of the Junket Agreement with the PAGCOR, PIKI executed a Sub-Agency Junket Agreement wherein PIKI and the Sub-Agent will jointly conduct junket gaming operations in accordance with and under similar terms and conditions as the PAGCOR Junket Agreement.

On 13 September 2013, the parties executed a Supplement Junket Agreement to offer supplementary services to enhance the existing junket gaming operations within PAGCOR's Casino Filipino-Midas. The Supplementary Services will allow PAGCOR and PIKI to tap into foreign gaming markets in order to attract foreign tourist arrivals in the Philippines.

The Supplementary Services shall include operating gaming tables equipped with high definition video cameras, VOIP facilities, internet data facilities, among others, which shall allow PIKI to broadcast PAGCOR-approved table gaming activities from within the gaming rooms to PAGCOR-approved locations outside the Casino Filipino-Midas.

Total Gamezone Xtreme Incorporated (TGXI)

TGXI is currently in the process of migrating the software being used in its PeGS machines from RTG to Playtech/SG8. To date, 6 sites have been converted and are currently being tested for player receptivity.

Government Regulations

AB Leisure Exponent, Inc. (ABLE)

ABLE is the biggest contributor to the Company's gross revenue. Bingo Bonanza is the trade name used by ABLE in its traditional and electronic bingo gaming operations.

Prior to April 2013, ABLE and its subsidiaries have been paying only the 5% franchise tax due to the following legal guidelines provided to ABLE by PAGCOR in the previous years.

Effective 01 November 2005, Republic Act No. (R.A.) 9337, "An Act Amending the National Internal Revenue Code, as Amended, with Salient Features," particularly Section 27 (c) , excluded PAGCOR from the provision which identifies government-owned or controlled corporations or agencies exempted from the corporate income tax.

The management believes that ABLE's payment of 5% Franchise Tax to the Bureau of Internal Revenue (BIR) was effectively equivalent to the payment of corporate income tax. Based on consultations with tax advisers, the management also believes that the collection of income tax in addition to the 5% Franchise Tax has no legal basis.

Pursuant to P.D. 1869, also known as PAGCOR Charter and as amended by R.A. 9487, the 5% Franchise Tax shall be in lieu of all kinds of taxes, incurred or otherwise, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority. This exemption inures to the benefits of corporations, associations, agencies or otherwise, or individuals with whom PAGCOR has a contractual

relationship in connection with the operations of casinos under the PAGCOR Franchise. Thus, the exemption referred to under PD 1869 is extended to its Bingo grantees/licensees.

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

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

The applicability of RMC No. 33-2013 was clarified by PAGCOR in a Memorandum dated 09 July 2013 stating: "Pursuant to RMC No. 33-2013, PAGCOR's contractees and licensees, which include bingo grantees, are subject to income tax, under the National Internal Revenue Code (NIRC), as amended, and no longer subject to the 5% franchise tax. In view thereof, please be advised that effective the second quarter of this year, bingo grantees should no longer remit the 5% franchise tax. However, you ("bingo grantees") are now subject to income tax."

Hence, for the third quarter of 2013, ABLE has stopped paying the 5% Franchise Tax to PAGCOR and began recognizing provisions for income tax instead. For the year ended 31 December 2015, provision for income tax amounted to P110.8 million.

First Cagayan Leisure & Resort Corporation (FCLRC)

As exclusive Master Licensor for interactive operations in the CSEZFP, FCLRC is entitled to tax incentives under Section 4c of RA No. 7922 (CEZA law). No taxes, local and national shall be imposed on business establishments operating within the CSEZFP. In lieu of paying taxes, FCLRC shall pay and remit to the National Government 5% of their gross income less allowable deductions. Gross income shall refer to gross sales or gross revenues derived from business activity within the CSEZFP, net of sales discounts, sales returns and allowances and minus costs of sales or direct costs but before any deduction is made for administrative, marketing, selling and/or operating expenses or incidental losses during a given taxable period.

Transactions with and/or Dependence on Related Parties

The Company's transaction with its subsidiaries and/or affiliates consist mainly of non-interest bearing advances to and from subsidiaries and/or affiliates, officers, and employees which are subject to liquidation within 12 months from date granted or collectible in cash upon demand.

Research and Development

AB Leisure Exponent, Inc. (ABLE)

Development of other bingo games/variants does not require that much expenditure since most are only ideas developed by ABLE's marketing people. ABLE also participates in Bingo and related gaming trade shows to evaluate if new games offered may be introduced to its own operations. The expenses in attending these trade shows are not significant.

First Cagayan Leisure & Resort Corporation (FCLRC)

Telecommunication facilities and services of FCLRC are continuously updated to the latest advances in hardware and software technology to ensure that FCLRC's locators are provided with quality broadband and high-speed data services.

Total Gamezone Xtreme, Inc. (TGXI)

TGXI is currently in the process of migrating the software being used in its PeGS machines from RTG to Playtech/SG8. To date, 6 sites have been converted and is currently being tested for player receptivity. Further, in March 2015, TGXI embarked on an aggressive marketing campaign to promote the new games being offered under the Playtech/SG8

format and, at the same time, offering bonus games and other promotional devices to entice and familiarize players with the new games.

Cost and effects of compliance with environmental laws

All TGXI, ABLE and affiliate bingo parlors have complied with the provisions of Smoking Ordinances issued by most local government units. All bingo parlors have made provisions in its playing area to accommodate smokers and non-smokers alike. Future expansions and parlor upgrades will incorporate enclosures and advanced air-purifying systems.

FCLRC also complies with environmental laws being enforced by CEZA in the Cagayan Special Economic Zone and Free Port (CSEZFP).

Employees

LRWC has 29 and 28 employees in 2015 and 2014 respectively. ABLE and its subsidiaries have a total headcount (including personnel provided by manpower agencies) of 1,368 and 1,243 in 2015 and 2014 respectively while TGXI has 534 in 2015 and 413 in 2014. On the other hand, FCLRC has 60 employees in 2015 and 67 employees in 2014 whereas BCGLC increased its employees to 41 in 2015 from 6 employees in 2014 mainly due to the acquisition of new arcades. For the year 2015, the Company and its subsidiaries did not have major changes in their employment portfolios. Their employees are not subject to a collective bargaining agreement. The Company does not have a stock option plan as part of its remuneration to all directors and senior management.

Major Risks Involved in the Business

AB Leisure Exponent, Inc. (ABLE)

ABLE and its subsidiaries operate bingo parlors. By the nature of the business (gaming), there is a risk of possible non-renewal of business permits by the local governments. To counter this risk ABLE and subsidiaries obtained ordinances to do business from the respective local Sanggunian Mangabatas. The business is located in high traffic areas, specifically in SM and Robinson malls, thus there is also risk of difficulty in finding similar high traffic areas should the lease contracts not be renewed upon expiration. ABLE has expanded to other locations so the effect of non-renewal of one or two leases will not have significant effect on ABLE's results of operations.

Total Gamezone Xtreme, Inc. (TGXI)

Similar with ABLE, TGXI's operating PeGS outlets also face the risk of possible non-renewal, or at the very least difficulty is securing, of business permits by the respective local governments. Further, there is always a risk that the local sanggunian may pass an "anti-gambling" or "anti-gaming" resolution or ordinance effectively preventing the renewal of any permit to operate within the concerned local government unit.

First Cagayan Leisure & Resort Corporation (FCLRC)

As revenues are dependent to locators whose business is internet gaming operations outside the Philippines, potential or future government regulations in countries where internet gaming operations is presently allowed, can be considered as a major business concern for FCLRC. An example of this is China's current crackdown on illegal land-based casino operations. If such crackdown is extended to internet-based gaming and players, then such would possibly have an adverse effect on a significant market for players.

Properties

The major assets of the Company and its subsidiaries are: building, furniture & fixtures, leasehold improvements, bingo equipment and paraphernalia. There are no real estate properties owned. TGXI, ABLE and its subsidiaries lease bingo PeGS and parlors, respectively, ranging in size from 90 to 2,000 square meters located in major shopping malls in Metro Manila and in key provincial cities. Lease term ranges from one (1) to five (5) years. All lease agreements have

provisions for renewal subject to terms and conditions mutually agreed upon by all parties. All lease payment computations are based on a fixed rate per square meter of occupied space or on a certain percentage of bingo cards sales. Total lease payments amounted to ₱623.2 million in 2015 and ₱435.8 million in 2014.

In the next 12 months, the Company through its subsidiary LR Land Developers, Inc. (LRLDI) is considering acquiring other properties in the vicinity of Cagayan Special Economic Zone Free Port for the purpose of making facilities available to FCLRC's future locators. LRLDI also has invested in the construction of a building in Makati City which will be leased out to existing locators of FCLRC and other interested lessees.

HEPI, on the other hand, owns several parcels of land, as well as the structure, where the Midas Hotel and Casino is currently erected.

Legal Proceedings

Except for the following, there are no other legal proceedings to which the Company or any of its subsidiaries is a party:

AB Leisure Exponent, Inc. (ABLE)

- 1) **“Topnotch Bingo Trend, Inc. v. Jeffrey N. Manago”**
NPS Docket No. IV-15-INV-14B-00073
Office of the City Prosecutor-Lipa City, Batangas

Case Summary:

This is a criminal complaint filed by Topnotch Bingo Trend, Inc. on 12 February 2014 before the City Prosecutors Office of Lipa City against its former branch manager in its SM City Lipa bingo venue, Jeffrey Manago (Jeffrey), for violation of Article 310 of the Revised Penal Code (Qualified Theft). The company alleged that Jeffrey, with abuse of confidence, took without its permission the total amount of Two Hundred Forty Thousand Pesos from its prize fund.

Status:

The prosecutor issued already a Resolution finding probable cause to file criminal charges against the respondent.

- 2) **“People of the Philippines v. Ana Santos”**
Criminal Case No. 11-14128
MTC- Pasay City, Branch 45s

Case Summary:

This is a criminal case for Falsification by Private Individual and Use of Falsified Document filed by Bingo Palace Corporation (BPC) against Ms. Ana Santos. BPC alleged that Santos cashed a falsified electronic bingo ticket at Bayview Bingo at Mall of Asia.

Status:

On 04 April 2012, the Metropolitan Trial Court Branch 45 of Pasay City issued an Order to archive the case pending the arrest of the accused. To this date, the accused is still at large.

- 3) **“People of the Philippines v. Gilbert C. Velasco”**
Criminal Case No. 397453-SA
MTC-Manila, Branch 11

Case Summary:

This is a criminal case for Falsification by Private Individual and Use of Falsified Document filed by Bingo Palace Corporation against Mr. Gilbert C. Velasco who was caught fraudulently claiming a cash prize for an electronic bingo game with the use of a tampered Cash Out Ticket whereby he made it appear that he won a bigger amount than what is actually won.

Status:

The arraignment of the accused is scheduled in April 2013.

- 4) **“People of the Philippines v. Willy de Leon”**
MTC-Pasay City, Branch 46

Case Summary:

This is a criminal case for Falsification by Private Individual and Use of Falsified Document filed by Bingo Palace Corporation against Willy de Leon who was caught fraudulently claiming a cash prize for an electronic bingo game with the use of a tampered Cash Out Ticket whereby he made it appear that he won a bigger amount than what is actually won.

Status:

The arraignment of the accused is scheduled in April 2013.

- 5) **“People v. Michael dela Rosa”**
MTC-Pasay City, Branch 46

Case Summary:

This is a criminal case for Falsification by Private Individual and Use of Falsified Document filed by Bingo Palace Corporation against Mr. Gilbert C. Velasco who was caught fraudulently claiming a cash prize for an electronic bingo game with the use of a tampered Cash Out Ticket whereby he made it appear that he won a bigger amount than what is actually won.

Status:

The arraignment of the accused is scheduled in April 2013.

- 6) **“People of the Philippines vs. Ryan Baltazar”**
Crim. Case No. 135459
RTC-Pasig City, Branch 67

Case Summary:

This is a complaint for violation of Article 315, paragraph 3(b) of the Revised Penal Code for estafa committed by resorting to fraudulent practice to insure success in a gambling game. On 02 September 2006, a glitch occurred

in the generation of winning numbers for New Rapid Bingo Game Bingo Draw No.18652. The winning numbers flashed on the television screens were different from those transmitted to the cashier's terminals. At such time, respondent Ryan Baltazar was the Application Operator on duty and the one manning the bingo generator machine. Because of the ensuing confusion, respondent Baltazar advised the cashiers to pay the prizes of all winning tickets and cash shortages shall be reimbursed. The following day, accused Baltazar sent text messages to co-employees, apologizing and admitting responsibility for the incident.

Status:

On 10 December 2012, the defense rested their case. In view thereof, the Court considered the case submitted for decision.

7) **"Bingo Bonanza Corporation v. Bailinang Mail Zainal and Joan Trinidad Martin"**

NPS Docket No. XV-13-INV-11-I-03257
Office of the City Prosecutor-Quezon City

Case Summary:

This is a criminal complaint for violation of Article 168 of the Revised Penal Code (Illegal Possession and Use of False Bank Notes) filed against the abovementioned accused on 03 November 2011 before the OCP of Quezon City.

Bingo Bonanza Corporation alleged that two women, Zainal and Martin, were apprehended by employees of the Company's Electronic Bingo Hall in SM City Annex, Quezon City for using bank notes while playing the company's electronic bingo machines. A total of twenty-eight (28) false bank notes were recovered from the possession of Zainal and Martin.

While a subpoena was issued for the accused, both failed to appear or submit counter-affidavits, despite numerous opportunities extended by the OCP. While the case has been submitted for resolution on 17 November 2011, no resolution has been issued by the OCP as of this date.

Status:

The case has been submitted for resolution on 17 November 2011. As of this date, no resolution has been issued by the OCP.

8) **"Alex A. Dometita v. Alejandro P. Alonte, Antonio B. Cruz, et al."**

Docket No. XV-03-INV-14C-02240
Office of the Prosecutor of Quezon City

Case Summary:

The children of a bingo player, who died on 24 January 2014 in BBC Farmer's Plaza branch due to cardiac arrest, filed a criminal case of Reckless Imprudence Resulting in Homicide against BBC. They alleged that BBC's negligence caused the death of the player.

Status:

In a Resolution dated 05 November 2014, the Fiscal dismissed the case.

Blue Chip Gaming and Leisure Corporation (BCGLC)

1) **“Blue Chip Gaming and Leisure Corporation vs. Josie M. Duncil”**

NPS Docket No. III-12-INV-13H-0215

Office of the City Prosecutor-San Fernando City, Pampanga

Case Summary:

This is a criminal complaint filed by BCGLC before the City Prosecutor's Office of San Fernando City, Pampanga against Josie M. Duncil (Josie), its former Human Resource and Administrative Officer, for violation for Article 310 of the Revised Penal Code (Qualified Theft). Josie was the cash custodian of the company in its PAGCOR VIP Club (VIP Club) in Bacolor, San Fernando City, Pampanga. The company alleged that from September 2009 to February 2013, Josie took without its permission the total amount of One Million Three Hundred Twenty Seven Thousand Pesos (₱1,327,000.00). Said amount stolen was the excess of the budget for advertising and promotions, cigarette sales, and the excess of the budget for the afternoon snacks for the players of the VIP Club.

Status:

The prosecutor issued already a Resolution finding probable cause to file criminal cases against the respondent. We are waiting for the filing of the case in court.

Submission of Matters to a Vote of Security Holders

- a) An annual meeting of stockholders of the registrant was held on 31 July 2015.
- b) During the said annual meeting the following persons were elected as directors of the registrant:

1. Reynaldo P. Bantug
2. Jose Conrado B. Benitez
3. Edgardo S. Lopez
4. Ignatius F. Yenko
5. Willy N. Ocier
6. Bienvenido M. Santiago
7. Wilson L. Sy
8. Eusebio H. Tanco
9. Raul G. Gerodias

with the following as independent directors under Section 38 of the Security Regulation Code (RA 87):

10. Anthony A. Almeda
11. Clarita T. Zarraga

- c) During the annual meeting of stockholders of the registrant last 31 July 2015, the following matters was submitted to a vote of and duly approved by the stockholders of the registrant:
1. Approval of the Minutes of the Annual Meeting held on 25 July 2014;
 2. Management Report;
 3. Approval of Annual Report and Audited Financial Statement for the fiscal year 2014 and Ratification of actions taken by the Board of Directors and Officers since the last annual meeting held on 25 July 2014
 4. Nomination and election of directors for 2014; and
 5. Appointment of R.G. Manabat & Co., CPAs, as external auditors for year 2015.

d) No other matter has been submitted to a vote of security holders otherwise than at a meeting of such security holders.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

Principal market where the equity is traded – Philippine Stock Exchange

The table shows the high & low prices of the company's share within the last two fiscal years and for the first recent quarter/months of the current year, including the volume of transactions for each quarter/month.

QUARTER ENDING	HIGH	LOW	VOLUME (MAIN BOARD)	VOLUME (TOTAL)
1Q 2014	8.45	6.20	127,932,000	127,936,271
2Q 2014	8.30	6.62	34,647,600	34,650,862
3Q 2014	9.67	6.50	127,003,600	127,009,809
4Q 2014	12.28	8.55	162,959,900	206,651,885
1Q 2015	11.96	8.43	55,939,900	55,941,977
2Q 2015	10.08	8.45	56,785,200	56,786,461
3Q 2015	10.82	7.10	57,178,800	57,180,848
4Q 2015	9.05	7.62	21,506,300	21,506,844
1Q 2016	8.22	6.56	62,813,700	67,815,537
MONTH ENDING				
APR-2016	8.00	7.58	3,660,300	3,660,506
MAY-2016	7.81	7.45	1,467,700	1,467,890

Note: There were no price adjustments made for the period.

Closing Market Price as of 31 December 2015 is ₱7.63 per share. On the other hand, the Closing Market Price as of 31 May 2016 is ₱7.50 per share, and as of 22 June 2016 is ₱7.78 per share.

The Company complied with the required minimum public ownership. As of 31 December 2015, total number of common shares owned by the public is 774,341,193 shares or equivalent to 64.54% of the total issued and outstanding common shares. The preferred shares and warrants owned by the public as of 31 December 2015 is 1,650,000,000 and 82,500,000 respectively, or equivalent to 100% of total issued and outstanding preferred shares and warrants.

The Company's earnings (loss) per share are: ₱0.7445 per share in 2015 and ₱0.5194 in 2014.

(2) Holders

The stock transfer agent reported 1,699 holders of common shares of the registrant, 4 holders for preferred shares and 2 holders for warrants as of 31 May 2016.

As of 31 May 2016, the top 20 shareholders, the number of common shares held, and the percentage of common shares held by each are as follows:

	Name	No. Of Shares Held	% To Total
1	PCD Nominee Corporation (Filipino)	635,132,084	52.93
2	Alfredo Abelardo B. Benitez	134,841,249	11.24

3	Grandshares Inc.	120,000,000	10.00
4	PCD Nominee Corporation (Non-Filipino)	118,516,750	9.88
5	Zoraymee Holdings, Inc.	111,267,658	9.27
6	Dominique L. Benitez	31,680,000	2.64
7	AB Leisure Exponent, Inc.	21,567,000	1.80
8	Wilson L. Sy	2,286,600	0.19
9	Willy Ng Ocier	2,125,200	0.18
10	Paul Luis Paul P. Alejandrino	1,426,224	0.12
11	Liberty Farms, Inc.	809,129	0.07
12	Provident Insurance Corporation	591,023	0.05
13	Brisot Economic Development Corporation	512,004	0.04
14	Visayan Surety & Insurance Corporation	486,294	0.04
15	Oliver V. Amarin	311,220	0.03
16	Allen Cham	289,978	0.02
17	Tan Keg Tiam	279,618	0.02
18	Fe Palting Lagdameo &/or Roberto J. Lagdameo	263,350	0.02
19	John Go Kongwei Jr.	252,870	0.02
20	David Go Securities Corp.	251,870	0.02

As of 31 May 2016, the 4 shareholders, the number of preferred shares held, and the percentage of preferred shares held by each are as follows:

	Name	No. Of Shares Held	% To Total
1	PCD Nominee Corporation (Filipino)	1,595,230,000	96.68
2	GSIS Provident Fund	50,000,000	3.03
3	PCD Nominee Corporation (Non-Filipino)	3,770,000	0.23
4	Mary Lou Santos Cera-Garcia	1,000,000	0.06

As of 31 May 2016, the 2 shareholders, the number of warrants held, and the percentage of warrants held by each are as follows:

	Name	No. Of Shares Held	% To Total
1	PCD Nominee Corporation (Filipino)	82,085,000	99.50
2	PCD Nominee Corporation (Non-Filipino)	415,000	0.50

Below is the summary list of foreign ownership as of 31 May 2016, the nationality, number of shareholders, the number of common shares held and the percentage of common shares held by each:

Nationality	No. of Shareholders	No. of Shares Held	% To Total
American	11	141,169	0.01
British	1	13,619	0.00
Chinese	72	2,186,739	0.18
German	1	1,064	0.00
Spanish	2	19,442	0.00
Others	2	118,533,550	9.88

Preferred shares and warrants are composed of 99.27% Filipino and 0.73% Foreign.

(3) *Dividends*

The Company does not have any restrictions which limit the ability to pay dividends on common equity or that are likely to do so without prejudice to the preferred shareholders' priority to receive dividends at the stipulated coupon rate of 8.5% per annum and always subject to the availability of enough retained earnings. For eight consecutive years, the Company was able to distribute cash dividends to its shareholders. During the year, the Board of Directors (BOD) declared cash dividends to common shareholders twice: ₱0.060 per share with record date of 29 September 2015 and another ₱0.060 with record date of 26 February 2016. The BOD also declared cash dividends at ₱0.0425 to preferred stockholders with record date of 30 June 2015 and 29 December 2015. In the past years, cash dividends declared were equivalent to ₱0.060 per share in 2007, ₱0.060 per share in 2008, ₱0.060 per share in 2009, ₱0.080 per share in 2010, ₱0.075 per share in 2011 and 2012, ₱0.080 in 2013 and 2014.

(4) *Recent Sale of Unregistered Securities*

The issuance of ₱1.65 billion worth of preferred shares was approved by LRWC's Board of Directors and stockholders on 22 January 2013 and 22 March 2013, respectively. The listing application was filed with the exchange on 20 September 2013 and approved on 27 November 2013. The exchange approved the listing of the preferred shares and warrants on 20 December 2013. The shareholders of the private placement transaction are as follows:

Name	Preferred Shares	Amount Paid (Php)
Philippine Commercial Capital, Inc.	200,000,000	200,000,000
Vantage Equities, Inc.	100,000,000	100,000,000
Maybank ATR Kim Eng Capital Partners, Inc. – As Trustee for Various Trust Accounts	100,000,000	100,000,000
Beneficial Life Insurance, Co., Inc.	100,000,000	100,000,000
Liberty Flour Mills, Inc.	50,000,000	50,000,000
United Coconut Planters Life Assurance Corporation	50,000,000	50,000,000
Cocolife Fixed Income Fund, Inc.	50,000,000	50,000,000
Government Service Insurance System	800,000,000	800,000,000
Philippine Business Bank, Inc. (A Savings Bank) - Trust and Investment Center	200,000,000	200,000,000
TOTAL	1,650,000,000	1,650,000,000

The ₱1.65 billion perpetual preferred shares was issued through private placement or issuance to not more than nineteen (19) non-qualified buyers under the Section 10.1(k) of the Securities Regulation Code. The ₱1.65 billion perpetual preferred shares has a par value of ₱1.00 per share and an issue price of ₱1.00 per share. The preferred shares are cumulative, non-voting and non-participating. On the fifth anniversary of the issue date of the ₱1.65 billion perpetual preferred shares or on any dividend payment date thereafter, LRWC has the option, but not the obligation, to redeem the perpetual preferred shares in whole or in part at a redemption price equal to the issue price of the perpetual preferred shares plus cumulated and unpaid cash dividend, if any, for all dividend periods up to the date of actual redemption by LRWC. A nil-paid, detachable warrant was issued to the investor/(s) for every twenty (20) preferred shares. Each warrant shall entitle the investor/(s) to purchase one (1) common share. The exercise price of the warrant shall be ₱15.00 or LRWC's weighted average trading price for three (3) months prior to the exercise date of the warrant less ten percent (10%) discount. The warrants are exercisable starting on the 5th anniversary of the perpetual preferred shares until the 8th anniversary.

On 25 September 2013, LRWC filed the listing of 82,500,000 warrants and the underlying common shares with the PSE.

Management's Discussion and Analysis or Plan of Operation

LRWC Operations

As mentioned, LRWC is functioning basically as a holding company with minimal operations. The Company is focusing its endeavor in supporting the productivity programs of its subsidiaries as grouped in the following segments: **RETAIL** (1) AB Leisure Exponent, Inc. (ABLE – 100% owned), (2) Total Gamezone Xtreme, Inc (TGXI – 100% owned), (3) Bingo Bonanza (HK) Ltd. (BBL - 60% owned); **ONLINE** (4) First Cagayan Leisure and Resort Corporation (FCLRC – 69.68% owned); **CASINO** (5) Prime Investment Korea, Inc (PIKI – 100% owned), (6) Blue Chip Gaming and Leisure Corporation (BCGLC – 100% owned), (7) Hotel Enterprises of the Philippines, Inc. (HEPI – 51% owned, joint venture); and **INVESTMENTS** (8) AB Leisure Global, Inc. (ABLGI – 100% owned), (9) LR Land Developers, Inc. (LRLDI – 100% owned).

Based on PFRS 3, Business Combination, LRWC and subsidiaries are required to perform an annual test for goodwill impairment. As a result of the annual test, there is no need to provide for allowance for impairment of goodwill in 2015.

Starting in 2009, LRWC did not recognize any losses from Binondo Leisure Resources, Inc. (BLRI - 30% owned affiliate), as its investment balance has already been consumed.

2015 vs. 2014

Consolidated Result of Operations

LRWC posted a consolidated net income (exclusive of minority interest) of ₱1,030.4 million in 2015 as compared with ₱749.8 million in 2014. The increase in net income amounting to ₱280.6 million or 37.4% was mainly contributed by the significant growth of ABLE and FCLRC, acquisition of additional arcades by BCGLC, recognition of full year gaming share from PLAI by ABLGI, and sale of condominium units by Techzone, an associate of LRLDI.

ABLE Operations

ABLE posted total sales of ₱5,980.4 million for 2015, a ₱1,477.4 million or 32.8% growth from the ₱4,503.0 million total sales for 2014. Sales from Electronic and Traditional Bingo operations contributed to the increase in sales partly offset by decreases in the sales of Rapid Bingo.

The Electronic Bingo is now the Company's principal product line posting sales of ₱3,443.1 million in 2015, which increased by ₱809.9 million or 30.7% from the reported sales of ₱2,633.9 million in 2014. At the end of 31 December 2015, there were a total of 8,585 E-bingo machines in 119 bingo parlors as compared with 6,703 E-bingo machines in 99 bingo parlors as of 31 December 2014. These bingo parlors are either directly owned by ABLE or owned through subsidiaries.

The Traditional Bingo also registered a significant increase in revenues during the year due to the acquisition of new venues. For the period ended 31 December 2015, Traditional Bingo revenues reached ₱2,258.5 million or ₱677.2 million growth from same period last year of ₱1,581.3, contributing 38% to total ABLE revenues.

Revenues from Rapid bingo for 2015 of ₱267.1 million decreased by ₱16.5 million or 5.8% from the ₱283.7 million sales in 2014. ABLE launched Rapid Bingo, late August 2005 with fourteen (14) terminals in fourteen (14) bingo parlors. By end of December 2015, there were a total of 131 Rapid Bingo terminals in 123 bingo parlors installed as compared to 77 terminals in 69 bingo parlors in 2014.

ABLE also introduced the Pull Tabs in December 2005 in 32 bingo parlors. The sales of Pull Tabs amounted to ₱9.4 million or ₱5.4 million growth in 2015 from ₱4.1 million of 2014.

PAGCOR granted ABLE the authority to be the primary and exclusive distributor of the Instant Charity Bingo Game II (ICBG2) on 13 June 2000. However, because of the poor sales performance, ABLE discontinued the distribution of the cards in 2005. On 12 December 2008, ABLE resumed commercial operations of the ICBG2 scratch cards. At the

beginning of the third quarter of 2012, sales of the ICBG2 scratch cards were discontinued, thus posting sales in 2012 of ₱0.4 million. ICBG2 scratch cards will be replaced with new game variants in the future.

There was an increase of ₱280.6 million or 25.0% in ABLE's consolidated operating expenses in 2015 amounting to ₱1,402.6 million as compared to ₱1,122.0 million in 2014. The increases are mainly due to: (1) Rent and Utilities by ₱77.0 million or 14.1%; (2) Contracted Services by ₱49.1 million or 38.3%; (3) Depreciation and amortization by ₱39.0 million or 41.1%; (4) Taxes and licenses by ₱12.4 million or 37.7%; and (5) "Other Expenses", comprised by Transportation and travel, Marketing and promotion, and Repairs and maintenance, by ₱61.9 million all mainly due to increase in venues and renovations of existing bingo parlors.

For the year ended 31 December 2015, ABLE posted a consolidated net income (exclusive of minority interest) of ₱244.2 million, significantly increasing by ₱51.5 million or 26.7% from the ₱192.8 million consolidated net income in 2014. The growth in net income is mainly due to the considerable increase in revenues.

TGXI Operations

TGXI generated revenues in 2015 amounting to ₱295.1 million representing its full-year share in revenues from the management and operation of PAGCOR e-Games Stations (PeGS). This resulted to a growth of ₱175.0 million or 145.7% as compared to 2014 revenues of ₱120.1 million. Likewise, total operating expenses, consisting mainly of people expenses (including contracted services), rentals and utilities, and marketing and promotion, increased by ₱177.7 million due to full-year operation and additional venues from ₱103.5 million to ₱281.2 million.

The resulting net income amounted to ₱12.0 million during the period as compared to ₱11.5 million last year.

FCLRC Operations

For the year 2015, FCLRC posted gross revenues of ₱1.6 billion. These were generated from hosting and service fees amounting to ₱1.4 billion and from license application and renewal fees, amounting to ₱168 million. Total revenues in 2015 were higher than the revenues in 2014 at ₱249.4 million or 18.4%. CEZA fees in 2015 increased to ₱717.1 million versus ₱605.0 million in 2014, or an increase of ₱112.1 million or 18.5% than last year's fees. As a result, FCLRC's net revenues increased by ₱137.3 million or 18.4% as compared to last year. The principal growth driver for FCLRC was the increase in the number of operating locators – 111 in 2015 from 84 in 2014, that contributed to the increase in fees.

FCLRC generated gross revenues from foreign sales amounting to ₱1.6 billion in 2015, ₱1.3 billion in 2014 and ₱859.6 million in 2013 respectively. Revenues from foreign sales comprise 100% of total gross revenues for the years 2015, 2014 and 2013.

Cost and operating expenses decreased by ₱25.3 million or 10.4% from last year's ₱242.0 million. The decrease is mainly due to the Company's efforts to reduce cost by implementing its cost saving measures. Thus the following expenses decreased: (1) Advertising and promotions by ₱20.1 million; (2) Employee benefits by ₱6.0 million; (3) Professional fees by ₱3.6 million; (4) Representation by ₱3.4 million; (5) Communication by ₱1.5 million; (6) Taxes and licenses by ₱1.4 million; (7) Contracted services by ₱8.0 million. These afore-mentioned decreases in expenses were offset by the following increases primarily due to the Company's efforts to generate higher revenues, thus the following increased: (1) Rent by ₱4.1 million; (2) Depreciation by ₱3.1 million; (3) Repairs by ₱2.0 million; (4) Transportation by ₱1.9 million; (1) Salaries and wages by ₱1.1 million and (5) Insurance by ₱1.0 million.

The resulting net income in the "Other Income (Expense) - Net" account of ₱118.0 million in 2015, or decrease of ₱24.3 million or 17.1% as compared to ₱142.3 million in 2014 was mainly due to: (1) increase in Other income derived from rental of gaming facility; (2) increase in Equity in net earnings of a joint venture. This increases were partly offset by (1) decrease in finance income; and (2) increase in finance expense.

Thus, FCLRC posted a net income of ₱739.9 million in 2015, an increase of ₱132.0 million or 21.7% than last year's ₱607.9 million. The growth in net income is mainly attributable to the increase in revenues, and the decrease in costs

and operating expenses, which is partly offset by the decrease in the resulting income from the "Other Income (Expense) – Net".

Net income generated from foreign revenues amounted to ₱723.7 million or 98.0% of ₱739.9 million in 2015; ₱594.1 million or 98.0% of ₱607.9 million in 2014; and ₱357.3 million or 97% of ₱368.2 million in 2013.

FCCDCI, a 60% owned subsidiary of FCLRC, posted a net income of ₱125.3 million in 2015 and ₱123.2 million in 2014; a ₱1.6 million or 1.3% decrease.

BCGLC Operations

BCGLC resulted in a net income of ₱24.2 million vs. last year's net loss of ₱1.9 million.

During the year, BCGLC acquired four new arcades causing net revenues to grow by ₱90.8 million or 192.3% from ₱47.2 million to ₱138.0 million. Operating expenses likewise increased in 2015 to ₱100.5 million from ₱48.0 million of prior year mainly due to higher rentals, utilities, and marketing and promotion.

PIKI Operations

Revenues of PIKI during the year amounted to ₱1,045.9 million, a growth of ₱651.2 million or 164.9% from 2014's ₱394.8 million due to full-year operation in 2015. For the same reason, operating expenses, consisting largely of marketing expenses, contracted services, and business development expenses that supported and afforded the high revenue levels, likewise increased but at a faster rate from ₱130.3 million to ₱369.7 million or a growth of ₱239.5 or 183.8%.

As a result, PIKI posted a lower net income during 2015 of ₱33.0 million as compared to last year's ₱43.7 million.

ABLGI Operations

ABLGI's net income for 2015 reached ₱382.7 million or a growth of 21.1% as compared to last year's ₱316.1 million net income. The increase was mainly due to rent escalation and recognition of full-year share in gaming revenue.

Total operating expenses decreased during the year from ₱47.4 million to ₱16.0 million due to documentary stamps paid for the increase in issuance of capital stock, representation, business development and depreciation of a building acquired in 2014.

Interest expense in 2015 registered ₱157.6 million versus prior period's ₱178.1 million.

LRLDI Operations

LRLDI net income for 2015 increased by ₱164.9 million or 360.9% compared to prior year due to other income and higher share in an associate for one-time sale of condominium units during the year.

Rent income increased during the year by ₱3.7 million to ₱22.4 million due to rate escalation. On the other hand, operating expenses decreased by ₱3.1 million to ₱2.2 million thus, operating income registered an increase of ₱6.8 million or 124.6%. The decrease in operating expense is largely attributable to the one-time documentary tax incurred on the issuance of additional capital stock in 2014.

During 2015, LRLDI also recognized a total of ₱68.8 million other income representing its commission and project management fee on the sale of condominium units of Techzone building.

LRLDI recorded its 50% share in the net income of Techzone in 2015 amounting to ₱133.7 million as compared to its share in 2014 of ₱40.7 million.

As a result, LRLDI posted a net income of ₱210.6 million in 2015, as compared to ₱45.7 million last year.

Consolidated Financial Condition

The significant changes in total assets of LRWC and subsidiaries are accounted as follows: (1) increase in Receivables – Net of ₱300.9 million mainly attributable to the accounts of new businesses acquired and new sources of revenues during the year; (2) increase in Prepaid expenses and other current assets of ₱125.8 million for advance payments made for rentals and other services; (3) increase in Property and equipment – Net of ₱880.3 million mainly due to expansion and acquisitions of venues; (4) increase in Investments and advances – Net of ₱131.7 million mainly attributable to advances to HEPI for working capital and equity share in net income of associates and joint ventures; (5) increase in Available for sale financial assets of ₱115.9 representing the conversion to shares of advances to DFNN; (6) increase of Goodwill of ₱175.9 million mainly due to acquisition of new venues; and (7) increase in Other noncurrent assets of ₱312.4 attributable to ABLGI pursuant to its bank loan agreement, coupled with ABLE's deposits to venue, PAGCOR bonds and others as a result of the opening of several bingo parlors. The total assets of LRWC and subsidiaries as of 31 December 2015 of ₱13,596.7 million increased by ₱2,649.9 million or 24.2% from ₱10,946.8 million as of 31 December 2014.

The following are the significant changes in the liabilities of LRWC: (1) increase in Trade and other payables of ₱271.9 million attributable to higher dividends payable to LR Parent's stockholders, remaining balance of TGXI purchase price, ABLGI's accruals for loan interest, and ABLE's liability to various suppliers; (2) increase in Short-term loans payable of ₱117.9 million due LRWC's borrowing to partly bridge working capital gaps; and (3) increase in Long-term loans payable (inclusive of current portion) of ₱1,402.5 million to cover additional advances to casino project and the term out of the short-term loan that financed the acquisition of TGXI.

Cash as of 31 December 2015 of ₱338.8 million remained at same level as last year.

The Company and its subsidiaries:

- a) Have no known trends or any demands, commitments, events or uncertainties that will result in or that are likely to result in the liquidity increasing or decreasing in any material way;
- b) Have no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- c) Have no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period;
- d) Have not breached any loans, leases or other indebtedness or financing agreement; and
- e) Have no material commitment for capital expenditure, aside from those already discussed as continuous development of new bingo parlors.

Key Performance Indicators

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

	Formula	2015	2014
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	36.9%	30.9%
Debt to Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Stockholders' Equity}}$	118.5%	101.5%

Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Stockholders' Equity}}$	218.5%	201.5%
Payout Turnover	$\frac{\text{Net Revenues}}{\text{Payout}}$	3.30 times	3.78 times
Return on Average Equity	$\frac{\text{Net Income}}{\text{Average Stockholders' Equity}}$	21.8%	13.8%
Return on Average Assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$	10.4%	7.4%
Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$	21.1%	16.1%
Interest Coverage Ratio	$\frac{\text{Income Before Interest \& Tax}}{\text{Interest Expense}}$	6.12	6.00
Net Book Value Per Share	$\frac{\text{Stockholders' Equity}}{\text{Weighted Average Shares Outstanding}}$	5.19	4.53
Earnings Per Share	$\frac{\text{Income attributable to ordinary stockholders of the Parent Company}}{\text{Weighted Average Shares Outstanding}}$	0.7445	0.5194

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.

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

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

2014 vs. 2013

Consolidated Result of Operations

LRWC posted a consolidated net income (exclusive of minority interest) of ₱749.8 million in 2014 as compared with ₱323.8 million in 2013. The increase in net income amounting to ₱426.1 million or 131.6% was mainly contributed by the significant growth of FCLRC and turnaround from prior years' losses of PIKI, HEPI, and ABLGI.

ABLE Operations

ABLE posted total sales of ₱4,503.0 million for 2014, a ₱459.0 million or 11.3% growth from the ₱4,044.0 million total sales for 2013. Sales from Electronic Bingo operations contributed to the increase in sales partly offset by decreases in the sales of Traditional Bingo and Rapid Bingo.

Sales increase faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. Thus, ABLE expanded its game offerings to a variety of gaming products that could be played simultaneously with the programmed bingo games. These products include Electronic Bingo, Rapid Bingo and Pull Tabs.

The Electronic Bingo is now the Company's principal product line posting sales of ₱2,634.0 million in 2014, which increased by ₱610.9 million or 30.2% from the reported sales of ₱2,023.1 million in 2013. At the end of 31 December 2014, there were a total of 6,703 E-bingo machines in 99 bingo parlors as compared with 5,390 E-bingo machines in 77 bingo parlors as of 31 December 2013. These bingo parlors are either directly owned by ABLE or owned through subsidiaries.

The traditional bingo continue to generate substantial sales in 2014 with ₱1,581.3 million or 35.1% contribution to total sales. In 2013, it contributed ₱1,660.7 million or about 41.1% to total sales. Thus, traditional bingo sales in 2014 decreased by ₱79.4 million or 4.8% as compared to the same period in 2013.

The sales of Rapid bingo for 2014 of ₱282.5 million decreased by ₱74.1 million or 20.8% from the ₱356.6 million sales in 2013. ABLE launched Rapid Bingo, late August 2005 with fourteen (14) terminals in fourteen (14) bingo parlors. By end of December 2014, there were a total of 77 Rapid Bingo terminals in 69 bingo parlors installed as compared to 70 terminals in 61 bingo parlors in 2013.

ABLE also introduced the Pull Tabs in December 2005 in 32 bingo parlors. The sales of Pull Tabs contributed ₱4.1 million or 0.1% to 2014 total sales as compared to 2013 sales of ₱3.6 million.

PAGCOR granted ABLE the authority to be the primary and exclusive distributor of the Instant Charity Bingo Game II (ICBG2) on 13 June 2000. However, because of the poor sales performance, ABLE discontinued the distribution of the cards in 2005. On 12 December 2008, ABLE resumed commercial operations of the ICBG2 scratch cards. At the beginning of the third quarter of 2012, sales of the ICBG2 scratch cards were discontinued, thus posting sales for 2012 of ₱0.4 million. ICBG2 scratch cards will be replaced with new game variants in the future.

There was a slight increase of ₱3.8 million or 0.2% in ABLE's consolidated operating expenses in 2014 amounting to ₱2,263.6 million as compared to ₱2,259.8 million in 2013. The following increases are mainly due to the opening of several bingo parlors and the acquisition of Topnotch Bingo: (1) Rent by ₱68.5 million or 25.5%; (2) Communication and Utilities by ₱38.6 million or 22.5%; (3) Salaries and Wages by ₱16.4 million or 9.8%; (4) Depreciation and amortization by ₱17.8 million or 23.1%; (5) Taxes and licenses by ₱6.1 million or 22.7% and (6) "Others Expenses" by ₱23.0 million or 46.7%. These increases were partially offset by the following decreases: (1) Payout by ₱148.0 million or 11.5% due to the decrease in revenues of Rapid Bingo as well as the implementation of new gaming programs in Traditional Bingo and (2) Bingo cards and supplies by ₱7.4 million or 21.1% due to the decrease in the revenues of traditional bingo. Further, in 2013, ABLE's management approved the recognition of the impairment loss on its

receivables amounting to ₱15.3 million which also contributed to the decrease in cost and operating expenses of 2014 as compared to 2013.

The resulting net expense in the “Other Income (Expense) account” in 2014 of ₱5.3 million grew by ₱6.1 million or by 720.2% when compared to the resulting net income of ₱0.9 million in 2013. This was principally attributable to higher interest expense payments arising from the Company’s short term loans to augment its working capital requirements.

ABLE posted a consolidated net income (exclusive of minority interest) of ₱197.5 million in 2014, significantly increasing by ₱75.3 million or 61.6% from the ₱122.2 million consolidated net income in 2013. The improvement in net income is mainly due to the considerable increase in revenues.

TGXI Operations

On 21 July 2014, the Company purchased 100% stake in Total Gamezone Xtreme, Inc. (TGXI), the operator and licensee of Philippine Amusement and Gaming Corporation (PAGCOR) eGames stations or PeGS.

TGXI generated ₱120.1 million in 2014 representing its share in revenues from the management and operation of the PeGS. Total operating expenses aggregated to ₱102.4 million which mainly consists of people expenses (including contracted services) and rentals and utilities. Net income registered at ₱16.2 million.

FCLRC Operations

For the year 2014, FCLRC posted gross revenues of ₱1.4 billion. These were generated from hosting and service fees amounting to ₱1.2 billion and from license application and renewal fees, amounting to ₱142.7 million. Total revenues in 2014 were higher than the revenues in 2013 at ₱493.2 million or 57.4%. CEZA fees in 2014 increased to ₱605.0 million versus ₱382.9 million in 2012, or an increase of ₱222.1 million or 58.0% than last year’s fees. As a result, FCLRC’s net revenues increased by ₱271 million or 56.9% as compared to last year. The principal growth driver for FCLRC was the increase in the number of operating locators – 84 in 2014 from 71 in 2013, that contributed to the increase in fees.

FCLRC generated gross revenues from foreign sales amounting to ₱1.4 billion in 2014, ₱859.6 million in 2013 and ₱577.8 million in 2012 respectively. Revenues from foreign sales comprise 100% of total gross revenues for the years 2014, 2013 and 2012.

Cost and operating expenses increased by ₱90.6 million or 59.9% from last year’s ₱151.4 million. The increase is mainly due to the Company’s efforts to generate higher revenues thus necessitating the hiring of additional consultants, enhancing marketing strategies to attract new locators and generally providing a more efficient service to its locators operating in the Cagayan Special Economic Zone Free Port (CSEZFP). Thus the following expenses increased: (1) Professional Fees by ₱0.7 million; (2) Rent by ₱1.8 million due to rate escalation; (3) Advertising and Promotions by ₱24.1 million due to participation in international gaming summits and conferences; (4) Representation by ₱24.0 million; (5) Taxes and Licenses by ₱3.0 million; (6) Contracted Services by ₱6.0 million; (7) Transportation by ₱18.0 million; (8) Communication by ₱0.6 million; (9) Donation by ₱12.0 million; (10) Repairs by ₱0.8 million; (11) Insurance by ₱1.7 million; (12) Depreciation and amortization by ₱0.3 million and (13) “Others Expenses” by ₱10.6 million. These afore-mentioned increases in expenses were offset by the following decreases primarily due to the Company’s efforts to reduce cost by implementing its cost saving measures: Salaries, wages and benefits ₱14.2 million.

The resulting net income in the “Other Income (Expense) - Net” account of ₱141.7 million in 2014, or increase of ₱71.3 million or 101.2% as compared to ₱70.4 million in 2013 was mainly due to the following increases: (1) Other income derived from rental of gaming facility, (2) finance income, (3) Equity in net earnings of a joint venture and (4) decrease in finance expense.

Thus, FCLRC posted a net income of ₱608.4 million in 2014, an increase of ₱240.2 million or 65.2% than last year’s ₱368.2 million. The growth in net income is mainly attributable to the increase in revenues and the increase in the resulting income from the “Other Income (Expense) – Net” partially offset by the increase in costs and operating expenses.

Net income generated from foreign revenues amounted to ₱594.6 million or 98.0% of ₱608.4 million in 2014; ₱357.3 million or 97.0% of ₱368.2 million in 2013; and ₱254.3 million or 98.8% of ₱257.3 million in 2012.

FCCDCI, a 60% owned subsidiary of FCLRC, posted a net income of ₱123.2 million in 2014 and ₱80.38 million in 2013; a ₱42.8 million or 53.2% improvement due to higher generated revenues.

BCGLC Operations

BCGLC resulted in a net loss of ₱1.9 vs. last year's net income of ₱1.7 million. BCGLC increased its marketing and advertising efforts to help boost the topline achieving ₱94.9 million in 2014 or 10% better than ₱86.5 million in 2013. However, the growth in marketing spent and rent escalation during the year brought the total operating expenses to ₱48.1 million in 2014 which increased 22.3% over that of last year.

PIKI Operations

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

PIKI reversed its net loss of ₱12.6 million in 2013 to a net income of ₱43.7 million in 2014 largely on account of an additional new junket operator signed up towards the end of June 2014 which helped gross revenues achieve the ₱394.8 million level vs. last year's meager ₱11.4 million. Total operating expenses in 2014 of ₱130.3 million consisted largely of marketing expenses, contracted services, and business development expenses that supported and afforded the high revenue levels.

ABLGI Operations

ABLGI net income for year 2014 reached ₱53.4 million or 31.6% increase over prior period because 2013 revenues started only towards the end of May 2013.

Participation income of ₱89.1 million in 2014 more than doubled last year's ₱43.0 million while total operating expenses remained at a constant level amounting of ₱48.7 million in 2014 as compared to last year's ₱46.6 million. Although there was a significant decrease in professional fees due to the termination of a consultant's contract, it was offset by increases in documentary stamps paid for the increase in issuance of capital stock, representation, business development and depreciation of a recently acquired building. These enabled the turnaround of prior year's ₱3.6 million operating loss to a ₱48.7 million operating income in 2014.

Net finance income in 2014 registered ₱41.9 million versus prior period's ₱23.8 million.

LRLDI Operations

LRLDI net income for 2014 declined by ₱4.4 million or 8.8% compared to prior year due to lower equity share in an associate and lower operating income.

Although rent income increased in 2014 by ₱2.9 million to ₱18.7 million due to rate escalation, operating expenses also increased by ₱5.1 million to ₱5.3 million thus, operating income registered a decline of ₱1.9 million or 25.5%. Increase in operating expense is largely attributable to the one-time documentary tax incurred on the issuance of additional capital stock.

LRLDI recorded its 50% share in the net income of Techzone, an associate, in 2014 amounting to ₱40.7 million as compared to its share in 2013 of ₱43.1 million.

As a result, LRLDI posted a net income of ₱45.7 million in 2014, as compared to ₱50.1 million last year.

Consolidated Financial Condition

The significant changes in total assets of LRWC and subsidiaries are accounted as follows: (1) increase in Receivables – Net of ₱58.3 million mainly attributable to the accounts of new businesses acquired and new sources of revenues during the year; (2) increase in Prepaid expenses and other current assets of ₱69.7 million for advance payments made for rentals and other services; (3) increase in Property and equipment – Net of ₱148.8 million mainly due to expansion and acquisitions of venues; (4) increase in Investments and advances – Net of ₱433.4 million mainly attributable to advances to HEPI for working capital and equity share in net income of associates and joint ventures; (5) increase of Goodwill of ₱731.2 million mainly due to acquisition of TGXI and an operating bingo company; and (6) increase Other noncurrent assets of ₱257.7 attributable to ABLGI pursuant to its bank loan agreement, coupled with ABLE's deposits to venue, PAGCOR bonds and others as a result of the opening of several bingo parlors. The total assets of LRWC and subsidiaries as of 31 December 2014 of ₱10,946.8 million increased by ₱1,755.0 million or 19.1% from ₱9,191.8 million as of 31 December 2013.

The following are the significant changes in the liabilities of LRWC: (1) increase in Trade and other payables of ₱454.4 million attributable to higher dividends payable to LR Parent's stockholders, remaining balance of TGXI purchase price, ABLGI's accruals for loan interest, and ABLE's liability to various suppliers; (2) increase in Short-term loans payable of ₱897.5 million due LRWC's borrowing to bridge finance the acquisition of TGXI and ABLE's borrowings to finance its working capital requirements; and (3) decrease in Long-term loans payable (inclusive of current portion) of ₱322.0 million mainly due to principal amortization of ABLGI's bank loan.

Cash as of 31 December 2014 of ₱338.3 million increased by ₱42.5 million or 14.4% from ₱295.7 million for the same period last year. The increase is mainly attributable to higher cash generated from operations and short-term loans and were consequently used to finance significant business acquisition, retail venues expansion, and loans amortization.

The Company and its subsidiaries:

- a) Have no known trends or any demands, commitments, events or uncertainties that will result in or that are likely to result in the liquidity increasing or decreasing in any material way;
- b) Have no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- c) Have no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period;
- d) Have not breached any loans, leases or other indebtedness or financing agreement; and
- e) Have no material commitment for capital expenditure, aside from those already discussed as continuous development of new bingo parlors.

Key Performance Indicators

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

	Formula	2014	2013
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	30.9%	59.8%
Debt to Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Stockholders' Equity}}$	101.5%	94.1%

Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Stockholders' Equity}}$	201.5%	194.1%
Payout Turnover	$\frac{\text{Net Revenues}}{\text{Payout}}$	3.78 times	2.37 times
Return on Average Equity	$\frac{\text{Net Income}}{\text{Average Stockholders' Equity}}$	13.8%	8.4%
Return on Average Assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$	7.4%	4.9%
Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$	16.1%	10.4%
Interest Coverage Ratio	$\frac{\text{Income Before Interest \& Tax}}{\text{Interest Expense}}$	6.00	3.80
Net Book Value Per Share	$\frac{\text{Stockholders' Equity}}{\text{Weighted Average Shares Outstanding}}$	4.53	2.98
Earnings Per Share	$\frac{\text{Income attributable to ordinary stockholders of the Parent Company}}{\text{Weighted Average Shares Outstanding}}$	0.5194	0.2155

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.

Financial Statements

The Annual Audited Consolidated Financial Statements for 2015 and the Interim Consolidated Financial Statements for the first quarter of 2016 are presented separately to form part of this information package.

Information on Independent Accountant and other Related Matters

External Audit Fees and Services

The aggregate fees billed and paid by registrant in favor of its External Auditors for Audit and Audit Related Fees is Six Million Six Hundred Seventy Five Thousand Pesos (₱6,675,000.00) for the fiscal year 2015 and Five Million Nine Hundred Three Thousand Eight Hundred Four Pesos (₱5,903,804.00) for the fiscal year 2014. These fees comprise the audit and audit related services rendered in favor of registrant and its subsidiaries.

Except for the fees indicated above, there were no tax fees or all other fees billed or paid to registrant's External Auditors for the last two (2) fiscal years.

The audit plan, including the corresponding audit fees, of the external auditors has been submitted to the Company's Audit Committee for review. The Audit Committee evaluates and approves the audit fees on the basis of reasonableness, scope of work, inflationary increase and the prevailing market price for such services in the audit industry. If the Audit Committee finds the audit plan and audit fees are in order, these are presented and recommended for final approval of the Board of Directors. As regards to services that may be rendered by the external auditor other than the audit of financial statements, the scope of and payment for the same are subject to review, evaluation and approval by the Board of Directors.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

R. G. Manabat & Co., CPA's served as Company's external auditors for the 2015 and 2014 Financial Statements. Their re-appointment was approved during the Company's annual stockholders' meeting held on 31 July 2015. Mr. Dindo Marco M. Dioso is the partner-in-charge for the Corporation's audit for the 31 December 2015 Financial Statements.

There were no disagreements with independent accountants on accounting and financial disclosures.

Compliance with Leading Practice on Corporate Governance

The Board of Directors of LRWC and its subsidiaries declares that:

- (a) The evaluation system established by the Company measures and determines the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance. All directors, officers and employees complied with all the leading practices and principles on good corporate governance embodied in this Manual.
- (b) There are measures being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance. All members of the Board of Directors including officers have completed and were duly certified to have attended a seminar on Corporate Governance.
- (c) There is no significant undisclosed deviation from the Company's Manual of Corporate Governance.
- (d) The current Manual on Corporate Governance is addressing critical areas affecting the Company's operations.

In as much as the Company's business presently primarily pertain to the gaming operations of its wholly-owned subsidiary, AB Leisure and Exponent, Inc., the Company deems that the management of the various Bingo halls all over the country from which it derives its cash revenues from customers, is the more critical area of concern for the Company. In view of the same, in addition to the Anti-Fraud Procedures adopted by ABLE, the Company's Audit Committee conducts regular meetings with the Internal Audit of ABLE to discuss any significant findings and deviations from the established procedures. No such significant finding and deviations have been reported so far.

SEC FORM 17-A

The Company shall provide to the stockholders, without charge, on written request, the Annual Report of the company on SEC Form 17-A. All such requests for a copy of the Annual Report shall be directed to:

The Corporate Secretary
Leisure & Resorts World Corporation
26/F West Tower, PSE Center, Exchange Road
Ortigas, Pasig City

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LEISURE & RESORTS WORLD CORPORATION
Issuer

By:

ATTY. KATRINA L. NEPOMUCENO
Corporate Secretary