Definitive Information Statement (DIS)

25 June 2021

SECURITIES AND EXCHANGE COMMISSION
Secretariate Building, PICC Complex
Roxas Boulevard, Pasay City

Attention: **Markets & Securities Regulation Department**

Gentlemen:

We are submitting herewith the attached **Definitive Information Statement** (SEC Form 20-IS) of **LEISURE & RESORTS WORLD CORPORATION** following the Commission's directives per the checklist attached to your electronic mail dated 24 June 2021. Please find below our reply to said checklist.

SEC Form 20-IS			
Checklist of Requirements	**Page No.**	**Remarks**	**LRWC Responses**
SRC Rule 20.3.3.5 Information Statement and Management Report shall be uploaded to Issuer's Website for downloading by interested parties		Please ensure that the DIS and other relevant documents in line with the Company's ASM will be uploaded in the Company's website. Kindly provide the link for the files.	This is noted. Link to the Company website for information and/or documents relating to the ASM is as follows: Annual Stockholders Meeting LRWC We will upload the DIS once approved.
Part I.			
A. General Information			
ITEM 1. DATE, TIME AND PLACE OF MEETING			
Date, time, **place** of meeting		Please identify the place of meeting. Per Section 15 of MC 6 s. 2020: Place of Meetings of Stockholders or Members. The presiding officer shall call and preside the stockholders' or members' meetings, whether regular or special, at the principal office of the corporation as provided in the articles of incorporation, or, if not practicable, in the city or municipality where the principal office of the corporation is located.	Complied. Please see page 2 and 4 of the DIS.

ITEM 2. DISSENTER'S RIGHT OF APPRAISAL		Please make reference to the Revised Corporation Code.	Complied. Please see page 4 of the DIS.
ITEM 5. DIRECTORS & EXECUTIVE OFFICERS		Please submit Mr. Lawrence T. Cobankiat and Mr. Winston Chan's certificate of independent director. Please submit a certification that no directors or officers are connected with any government agencies or its instrumentalities. If there is/are person/s working in any government agency, notify them to submit a written permission from the head of department instead of a certification.	Complied. Please see attached Certifications.
ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS			
Election, Approval or Ratification			
a.) Name of principal accountant selected/recommended If none, state so and describe the reason		Please identify the selected/recommended auditing firm and certifying auditor for the ensuing year.	Complied. Please see page 15 of the DIS.
ITEM 18. OTHER PROPOSED ACTION			
Brief description of the substance of each subject matter in the same degree of details as required by Items 5 to 19	page 19	Kindly provide a table to illustrate the effects on the capital structure before and after the reclassification of shares similar to the table Item 9.	Complied. Please see page 19 of the DIS.
Part III.			
Report to be Furnished to the Stockholders			
MANAGEMENT REPORT			
5	page 51	Please update the sentence below to reflect the share price performance on more practicable date. "Closing Market Price as of 31 May 2021 is P1.57 per share."	Complied. Please see page 53 of the DIS.
OTHER COMMENTS		Disclosure requirements under Section 49 of the RCC are required. Please identify where the following information below can be found from the Information Statement. a. A description of the voting and vote tabulation procedures used in the previous meeting; b. A description of the opportunity given to stockholders or members to ask questions and a	Complied. a. Please see page 20, Item 19, and page 51, Item (d) under the subheading "Submission of Matters to a Vote of Security Holders" b. Please see page 52, Item (e) under the subheading "Submission of Matters to a Vote of Security Holders" c. Please see page 51, Item (c)

		record of the questions asked and answers given; c. The matters discussed and resolutions reached; d. A record of the voting results for each agenda item; e. A list of the directors or trustees, officers and stockholders or members who attended the meeting; f. Material information on the current stockholders, and their voting rights; g. Appraisals and performance report for the board and the criteria and procedure for assessment; and h. Directors disclosures on self-dealing and related party transactions.	under the subheading "Submission of Matters to a Vote of Security Holders" d. Please see page 51, Item (d) under the subheading "Submission of Matters to a Vote of Security Holders" e. Please see page 52, Item (f) under the subheading "Submission of Matters to a Vote of Security Holders" f. Please see page 53, Item (2) on "Holders". We will also attach the Top 100 stockholders as of 15 May 2021 from stock & transfer agent, STSI. g. Please see pages 73-74 on the portion pertaining to Corporate Governance. The appraisal of the performance of the Board of Directors was still ongoing at the time the 2020 Annual Stockholders' Meeting was conducted. h. Please see page 13 of the DIS, Item 5 (5).

We trust you will find the foregoing in order.

Sincerely,

CAROL V. PADILLA
Corporate Secretary

COVER SHEET

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SEC Registration Number

LEISURE & RESORTS WORLD CORPORATION & SUBSIDIARIES

(Company's Full Name)

26th Floor, West Tower, PSE Center Exchange Road Ortigas Center Pasig City

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

Carol V. Padilla

(Contract Person)

8634-2598

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

20-IS

(Form Type)

07 30

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 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: **PHILIPPINES**

4. SEC Identification Number: **13174**

5. BIR Tax Identification Code: **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) 8634-5099**

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

   Date - 30 July 2021
   Time - 2:00 p.m.
   Place - 26/F West Tower, PSE Center, Exchange Road, Ortigas, Pasig City
   Zoom Teleconference at the provided link below:
   https://zoom.us/j/95929903199?pwd=VEVHSWwwTkZiZTcwSGRlS0MrWlpRZz09

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **8 July 2021**

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	**2,417,500,000 / Not applicable**
Preferred Shares, PhP1.00, par value	**0 / 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 and Warrants

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders ("ASM") of **Leisure & Resorts World Corporation** (the "Corporation") will be held on **Friday, 30 July 2021,** at **2:00 p.m.** The meeting will be conducted virtually via Zoom Teleconference with the following details:

Link: https://zoom.us/j/95929903199?pwd=VEVHSWwwTkZiZTcwSGRlS0MrWlpRZz09
Meeting ID: 959 2990 3199
Meeting Password: 529712

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 August 28, 2020
5. Management Report
6. Approval of Annual Report and Audited Financial Statement for the fiscal year 2020
7. Ratification of actions taken by the Board of Directors and Officers since the last annual meeting held on August 28, 2020
8. Nomination and Election of Directors
9. Appointment of External Auditor
10. Approval of Reclassification of 1,500,000,000 Preferred Shares into Common Shares
11. Amendment of the Seventh Article of the Company's Articles of Incorporation to reflect the reclassified shares
12. Other Matters
13. Adjournment

For the purpose of the meeting, only stockholders of record at the close of business on June 30, 2021 will be entitled to notice and vote thereat.

In light of the COVID-19 global pandemic, the Company will not be conducting a physical annual stockholders' meeting. The conduct of the annual stockholders' meeting will be via Zoom Teleconference, and stockholders may attend the meeting by registering on or before 1:00 p.m. on 30 July 2021. Due to the limitations of available technology, voting will not be possible during the Teleconference, but participants may send in questions or remarks via Zoom chat, and vote through the submission of their respective signed proxy forms with the specific votes per item in the agenda that is subject to the shareholders' approval.

If you wish to cast your votes as a stockholder, you may vote remotely or *in absentia*, or through proxy. Voting by remote communication or *in absentia,* may be done by sending your respective votes by e-mail to investorrelations@LRWC.com.ph on or before 12:00 p.m. on 29 July 2021. The procedures for attendance and voting during the 2021 ASM will be posted in the Company's website at https://lrwc.com.ph/annual-stockholders-meeting/.

Stockholders who cannot attend the meeting in person may designate their authorized representative by submitting a Proxy instrument in accordance with Sec. 57 of the Revised Corporation Code. Validation of the proxies shall be held on July 23, 2021 at the office of the Corporation's transfer agent, Stock Transfer Services, Inc., Unit 34-D Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. **WE ARE NOT SOLICITING PROXIES.**

To facilitate your registration of attendance, please have available some form of government-issued identification such as passport or driver's license.

Thank you.

Pasig City. June 17, 2021.

FOR THE BOARD

CAROL V. PADILLA
Corporate Secretary

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

(a)	Date	-	July 30, 2021
	Time	-	2:00 p.m.
	Place	-	26/F West Tower, PSE Center, Exchange Road, Ortigas, Pasig City
	Principal Office	-	26/F West Tower, PSE Center, Exchange Road, Ortigas, Pasig City

(b) Online Zoom Teleconference link for participation:

Link: https://zoom.us/j/95929903199?pwd=VEVHSWwwTkZiZTcwSGRlS0MrWlpRZz09
Meeting ID: 959 2990 3199
Meeting Password: 529712

(c) Approximate date on which the Information Statement is first to be sent or given to security holders: July 8, 2021

Item 2. Dissenter's Right of Appraisal: The appraisal right is generally available in the instances stated in Section 80 of the Revised 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 Revised Corporation Code;

(3) In case of merger or consolidation; and,

(4) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

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 under Sec. 80 of the Revised Corporation Code of the Philippines.

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.

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: 2,417,500,000 common stock (as of May 31, 2021)

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

(b) All stockholders of record as of June 30, 2021 are entitled to notice and to vote at the Annual Stockholders' Meeting.

(c) Manner of Voting: Each stockholder of record as of June 30, 2021 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.

Pursuant to Sections 23 and 57 of the Revised Corporation Code which allow voting through remote communication or *in absentia*, voting may be done by sending your respective votes by e-mail to investorrelations@LRWC.com.ph on or before 12:00 p.m. on 29 July 2021. A stockholder voting remotely or *in absentia* shall be deemed present for purposes of quorum.

Complete information on the Requirements and Procedure for the Voting and Participation in the 2021 ASM via remote participation or voting *in absentia*, as well as on how to join the Zoom Teleconference for the 2021 ASM will be posted in the Company's website at www.LRWC.com.ph.

The Corporate Secretary shall report the votes received and inform the stockholders if the particular agenda item is carried or disapproved. The total number of votes cast for all items for approval under the agenda will be flashed on the screen.

No proxy solicitation is being made.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of 31 May 2021

Title of Class (As of May 15, 2021)	Name and address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Holder	Citizenship	No. of Shares Held	Percent-age Held
Common	**PCD Nominee Corporation (Filipino)** 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder	*	Filipino	® 1,465,377,814	60.62%
Common	**PCD Nominee Corporation (Non-Filipino)** 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder	*	Foreign	® 507,923,150	21.01%
Common	**Alfredo Abelardo B. Benitez** No. 27 Cambridge St., North Forbes Makati City	Record Holder same as Beneficial Owner	Filipino	® 134,841,249	05.58%

**Beneficial owner under PCD Nominee Corporation that holds more than 5% shares is Venture Securities, Inc. which holds 20,807,982 shares or 8.64%. Venture Securities, Inc. will be asked to appoint and authorize a representative who will vote in behalf of said corporation.*

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.

(2) Security Ownership of Management as of 15 June 2021

Name	Nationality	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Eusebio H. Tanco	Filipino	10,432,480	39,634,029	50,066,509	2.07
Willy N. Ocier	Filipino	3,791,200	0	3,791,200	0.16
Alfredo Abelardo B. Benitez	Filipino	136,401,984	119,999,995	256,401,979	10.61
Paolo Martin H. Bautista	Filipino	3,000	0	3,000	0
Ngam Bun Cheung	Chinese	2	0	2	0
Restituto O. Bundoc	Filipino	609	0	609	0
Mardomeo N. Raymundo Jr.	Filipino	608	0	608	0
Winston A. Chan	Filipino	609	0	609	0
Renato G. Nunez	Filipino	2	98,922,593	98,922,595	4.09
Lawrence T. Cobankiat	Filipino	2	0	2	0
Max Aaron Wong	Chinese	2	0	2	0
Kristine Margaret R. Delos Reyes	Filipino	0	0	0	0

Carol V. Padilla	Filipino	0	0	0	0
Diana Jane B. Garbi	Filipino	0	0	0	0
Total		150,630,498	258,556,617	409,187,115	16.93

(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 May 31, 2021, the nationality, the 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	10	141,117	0.01%
British	1	13,619	0.00%
Chinese	75	3,140,621	0.13%
Filipino	1,725	1,912,414,287	79.11%
German	1	1,064	0.00%
Spanish	2	19,442	0.00%
Others	2	501,769,850	20.76%

Common shares are composed of 79.11% Filipino and 20.89% Foreign, while warrants are composed of 98.99% Filipino and 1.12% Foreign.

Item 5. Directors and Executive Officers

(a) Legal Proceedings

To the best of the registrant’s knowledge and belief, and except as otherwise disclosed, there are no material pending legal proceedings in any court or 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
Eusebio H. Tanco *(Director; July 29, 2011 to present)*	71	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.) Eximious Holdings, Inc. (formerly 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. Tantivy Holdings, Inc. (formerly 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. Philplans First, Inc. Prudent Resources, Inc. AB Leisure Exponent, Inc. and Subsidiaries First Cagayan Converge Data Center, Inc. LR Land Developers, Inc. LR Data Center and Solutions, Inc. AB Leisure Global, Inc. and Subsidiaries Blue Chip Gaming and Leisure, Inc. Gold Coast Leisure and World Corporation Total Gamezone Xtreme, Inc. Prime Investment Korea, Inc. Euphonious Holdings, Inc. ***(All-Director)***	*Filipino*	Asian Terminals Inc. *(Vice-Chairman and President)* STI Education Systems Holdings, Inc. *(Chairman)* Eximious Holdings, Inc. (formerly Capital Managers & Advisors, Inc. *(Chairman)* iACADEMY *(Chairman)* STI West Negros University *(Chairman)* Mactan Electric Company *(Chairman)* International Hardwood & Veneer Corp. *(President)* Cement Center Inc. *(President)* First Optima Realty Corp. *(President)* Marbay Homes Inc. *(President)* Tantivy Holdings, Inc. (formerly Insurance Builders Inc.) *(President)* Delos Santos – STI College *(Chairman)* Grow Vite, Inc. *(Chairman)* Venture Securities, Inc.*(Chairman)* Biolim Holdings & Management Corp (formerly Rescom Developers Inc.) *(President)* Philippine First Insurance Co., Inc. *(Chairman)* Global Resources for Outsourced Workers, Inc. *(President)* Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc.) *(President)* Eujo Phils., Inc. *(President)* Total Consolidated Asset Management, Inc. *(President)* Prime Power Holdings Corporation *(Chairman and President)* Classic Finance Inc. *(CEO)* Prudent Resources, Inc. *(Chairman and President)* *Euphonious Holdings, Inc. (President)*

Willy N. Ocier *(Director, July 31, 2009 to present)*	64	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. AB Leisure Exponent, Inc. LR Land Developers, Inc. AB Leisure Global, Inc. and Subsidiaries Blue Chip Gaming and Leisure, Inc. Gold Coast Leisure and World Corporation Total Gamezone Xtreme, Inc. ***(All-Director)***	*Filipino*	Pacific Online Systems Corporation Philippine Global Communications Inc. *(Chairman and President)* Premium Leisure & Amusement, Inc. APC Group, Inc. Tagaytay Midlands Golf Club, Inc. *(Chairman)* Belle Corporation *(Co-Vice Chairman)* Tagaytay Highlands International Golf Club, Inc. *(Vice Chairman)*
Paolo Martin O. Bautista *(Director; July 27, 2018 to present)*	52	STI Holdings STI Education Services Group, Inc. ***(All-Director)***	*Filipino*	STI Holdings *(Chief Investment Officer)* PhilPlans *(Advisor to Investment Committee)* Citigroup Global Markets *(Director)* Credit Suisse *(VP-Investment Banking Division)*
Renato G. Nuñez *(Director, June 11, 2019 to present)* *(Director, September 30, 2005 to February 16, 2012)*	52	All British Cars, Inc. Coventry Motors Corporation Philippine Realty and Holdings Corp. Total Consolidated Asset Management, Inc. Leisure Advantage, Inc. Arwen Gaming Consultancy, Inc. ***(All-Director)***	*Filipino*	All British Cars, Inc. *(Director)* Coventry Motors Corporation *(Director)* Cats Motors, Inc. *(President)* Philippine Realty and Holdings Corp. *(Director)* Total Consolidated Asset Management, Inc. *(Director)* Leisure Advantage, Inc. *(Director)* Techglobal Data Center, Inc. *(President)* Techzone Philippines, Inc. *(President)* Tootsie's Tagaytay Restaurant, Inc. *(President)* Lia PhilFoods, Inc. *(President)* Everland Estate Dev't Corp. *(President)* AB Leisure Exponent, Inc. *(VP-Administration)* First Cagayan Converge Data Center *(COO/Board Treasurer)* First Cagayan Leisure & Resort Corp. *(Vice President)* Arwen Gaming Consultancy, Inc. *(Chairman and President)* Javi Philfoods, Inc. *(President)* Midas Hotel & Casino *(VP and COO)* Blue Chip Gaming & Leisure Corp. *(Managing Director)* AB Leisure Global, Inc. *(VP/Director)* Binondo Leisure Resources, Inc. *(VP Finance)*
Max Aaron Wong *(Director, June 11, 2019 to present)*	46	GTS Platform Services Limited (HK) GTS Platform Services (Taiwan) Limited BTCC International Limited (HK) AB Leisure Exponent, Inc. and Subsidiaries Blue Chip Gaming and Leisure Corporation First Cagayan Leisure and Resort Corporation First Cagayan Converge Data Center, Inc. Gold Coast Leisure World Corporation LR Data Center and Solutions Inc. LR Land Developers Inc. Prime Investment Korea Inc. Total Gamezone Xtreme Incorporated ***(All Director)***	*Chinese*	GTS Platform Services and BTCC Group *(Finance Director)* Dim.Buy.com Company Limited *(Financial Controller)* UniCare Enterprise Limited *(Financial Controller)* Well State Asia Limited *(Financial Controller)*

Alfredo Abelardo B. Benitez *(Director, July 26, 2019 to present)*	54	AB Leisure Global, Inc. AB Leisure Asia Holdings Inc. AB Leisure Holdings Philippines Corp. G Boracay Alpha Holding Corp. G Boracay Beta Holding Corp. G Boracay Gamma Holding Corp. G Boracay Land Holdings G-L Real Estate JV Corporation Blue Chip Gaming and Leisure Corporation Prime Investment Korea, Inc. Gold Coast Leisure World Corp. ***(All – Director & President)***	*Filipino*	Congressman of the Third District of Negros Occidental (2010-2019)
Lawrence T. Cobankiat *(Director, July 26, 2019 to present)*	51	Jellco Enterprises, Inc. Protech Global Solutions ***(All President and CEO)*** GRP Mobile Solutions Inc. ***(Chairman)*** Fidelity Steel Manufacturing, Inc. Hi-Tech Steel Industries Corporation GICA Grinding Wheel Corporation Arrow Plastic Industries Corporation ***(All - Director)***	*Filipino*	Jellco Enterprises, Inc.*(Director, President & CEO)* Protech Global Solutions *(Director, President & CEO)* West End Property Inc. *(President)* GRP Mobile Solutions Inc. *(Chairman)* Fidelity Steel Manufacturing, Inc. *(Director)* Hi-Tech Steel Industries Corporation *(Director)* GICA Grinding Wheel Corporation *(Director)* Arrow Plastic Industries Corporation *(Director)*
Winston Chan *(Director, August 28, 2020 to present)*	65	San Miguel Food & Beverage, Inc. PT Delta Djakarta DataOne Philippines Kairos Business Process Solutions, Inc. ***(All – Director)***	*Filipino*	Harvard Club of the Philippines *(Director)* Harvard Business School Club of the Philippines *(Director)* *Premiere Horizon Alliance Corporation (Director)* *SGV & Co. (Advisory Committee Member – July 1, 2016 – June 3, 2017; Management Committee Member, July 1, 2007 – June 30, 2016)* SGV & Co./EY *(Managing Partner, Advisory Services – July 1, 2007 to June 30, 2016)* Asia Coordinating Partner for EY Global 360 Accounts: Procter & Gamble, Bayer, Goodyear Tires, Sony – *July 2007 to June 30, 2017* EY ASEAN Finance Advisory Leader – *July 1, 2012 – June 30, 2015*
Mardomeo Raymundo Jr. *(Director, August 28, 2020 to present)*	47	Marina Square Properties, Inc. New Coast Hotel, Inc. CTF Properties (Philippines), Inc. CTF Hotel and Entertainment, Inc. ***(All – Director)***	*Filipino*	Salvador Llanillo & Bernardo Law Offices *(Partner)*
Ngam Bun Cheung* *(Director, December 17, 2020 to present)*	52	Full Degree Communication *(Vice President)*	*Chinese*	Full Degree Communication *(Vice President)* Solaire Resort & Casino *(Vice President, VIP Junket Services)*

Restituto O. Bundoc** *(Director, December 17, 2020 to present)*	54		*Filipino*	STI Education Services Group, Inc. *(Vice President for School Operations)*

** Mr. Ngam Bun Cheung was appointed as director and President of the Company on 17 December 2020, upon the resignation of Mr. Eng Hun Chuah.*

*** Mr. Restituto O. Bundoc was appointed as director on 17 December 2020, following Ms Xiaolu Dong's resignation on 2 December 2020.*

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. Eusebio H. Tanco – Chairman (please see discussion on directors)

Mr. Ngam Bun Cheung – President (please see discussion on directors)

Atty. Carol V. Padilla – Corporate Secretary

Atty. Carol V. Padilla serves as the Company's Corporate Secretary. Previously, Atty. Padilla was the Assistant Director for Legal and Corporate Affairs of Millennium Pan-Asia Hotel and Resort Inc. She handled compliance with regulatory requirements of PAGCOR and SEC, supervised managing and protecting the intellectual properties of the company such as trademark applications, copyright, and patents, among others, and performed corporate housekeeping services. Atty. Padilla brings a wealth of experience and skills to help LRWC achieve new heights. Atty. Padilla attended college in Ateneo de Manila University and was a consistent dean's lister. She graduated with a degree in Bachelor of Arts, major in Psychology, and later earned her Juris Doctor degree from Ateneo de Manila University School of Law.

Atty. Kristine Margaret R. Delos Reyes – Compliance Officer

Atty. Kristine Margaret Delos Reyes is the Company's Compliance Officer. She received multiple awards from her participation in international and local competitions on international law. She holds a vast experience in performing regulatory compliance for PAGCOR, PSE, SEC, LGU and other government bodies. Atty. Delos Reyes is proficient in M&A, corporate housekeeping, cross border and international business transactions, special projects, fund raising, bond issuance, initial public offering, contract review and negotiations, intellectual property, due diligence, and development of integrated resorts and casinos in the Philippines. She obtained her extensive legal practice from Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA), specializing on litigation before regular courts of law, administrative agencies, and quasi-judicial tribunals. Prior to joining LRWC, she was the Chief Legal Officer and Senior Vice President for Legal and Compliance Department for various gaming companies, such as, Fortunegate Holdings Philippines, Inc.; Millennium Pan-Asia Hotel and Resort Inc.; and, Stotsenberg Leisure Park & Hotel Corporation. She was also the Senior Vice President for Legal and Corporate Affairs and the Human Resources and Administration Departments of E!xcite Gaming and Entertainment, Inc. and Starcap Management, Inc., as well as the Assistant Vice President and Director for Legal Special Projects and Contracts of Resorts World Manila. Atty. Delos Reyes was a dean's lister from De La Salle University, Manila, graduating Bachelor of Science in Commerce, major in Legal Management. She holds a Juris Doctor degree from Ateneo de Manila University School of Law.

Ms. Diana Jane B. Garbi - Treasurer

Ms. Diana Jane B. Garbi is the Company's Treasurer. She is a Certified Public Accountant. She has been with Leisure & Resorts World Corporation since 2017, and was previously the Head of Corporate Reporting before she was elected as Treasurer on June 15, 2021. Before joining the Company, she was the Senior Supervisor of the Taxation Group of Filinvest Land, Inc. in 2016, and prior to that, she worked with KPMG R.G. Manabat & Co. from 2013 to 2016. With her experience in public practice and commerce and industry, as well as her multiple skills covering many financial areas such as cost control principals, ledger analysis, financial statements, budgeting, auditing practices, taxation and analytics, she is poised to aid LRWC towards achieving greater endeavors. Ms. Garbi graduated with a degree in Bachelor of Science in Accountancy in University of the East - Manila.

Nominees for Directorship: 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. Max Aaron Wong, Atty. Mardomeo Raymundo Jr., Mr. Eusebio H. Tanco, and Mr. Lawrence Cobankiat.

Name	**Age (as of 2021 ASM)**	**Citizenship**
1. Eusebio H. Tanco	71	Filipino
2. Ngam Bun Cheung	52	Chinese
3, Alfredo Abelardo B. Benitez	54	Filipino
4. Paolo Martin O. Bautista	52	Filipino
5. Willy N. Ocier	64	Filipino
6. Mardomeo Raymundo Jr.	47	Filipino
7. Winston Chan (Independent Director)	65	Filipino
8. Lawrence T. Cobankiat (Independent Director)	52	Filipino
9. Renato G. Nunez	52	Filipino
10. Max Aaron Wong	46	Chinese
11. Restituto O. Bundoc	54	Filipino

Nomination of Independent Directors: Mr. Lawrence T. Cobankiat, an incumbent of the registrant, and Mr. Winston Chan were nominated by Atty. Mardomeo Raymundo Jr.

Atty. Mardomeo Raymundo Jr., who recommended the nomination of the independent directors have no relationship to the respective nominees.

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

   To the best of the registrant's knowledge and belief, and except as otherwise disclosed, there are no pending material legal proceedings against the directors and officers known to LRWC.

   As of May 31, 2021, 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 Note 20 of Notes to the Consolidated Financial Statements for the year 2020.

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
		Estimated	Estimated	Estimated
Cheung Ngam Bun, President				
John Cornejo, AVP FCCDCI				
Teh Teng Yeong, Marketing Head				
Celina Lim, Treasurer ABLGI				
Paul Chin, Business Unit Head				
Kristine Margaret Delos Reyes, Head, Legal & Compliance				
All above-named Officers as a group	2021	P26,414,861.54		2,848,669.24 (Benefits)
All other officers as a group unnamed	2021	None	None	None

Ngam Bun Cheung, President				
Eng Hun Chuah, President*				
Rafael Jasper S. Vicencio, President Retail Group				
Thadeo Francis P. Hernando, President FCLRC				
Edgardo Lopez, President FCCDCI				
John Cornejo, AVP FCLRC				
Celina Lim, CFO ABLGI HEPI				
All above-named Officers as a group	2020	P40,425,600		
All other officers as a group unnamed	2020	None	None	None

** Resigned effective December 17, 2020*

Eng Hun Chuah, President				
Thadeo Francis P. Hernando, Vice-President				
Katrina Nepomuceno, Vice-President LRWC				
Alejandro Alonte, Vice-President ABLE				
Ma. Christina Bautista, Vice-President				
All above-named Officers as a group	2019	P34,644,203		
All other officers as a group unnamed	2019	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 ₱50,000 per meeting, per diem of ₱30,000 per meeting for members of the executive committee, and per diem of ₱20,000 per meeting for audit, compensation, and nominating committees.

Total payments to non-salaried directors amounted to ₱6,920,000 in 2020 and ₱4,915,000 in 2019.

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

There are no agreements or employment contract in relation to change of control arrangements 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 LRWC in the event of a change in control of LRWC.

(4) Outstanding Warrants and Options

As of 31 May 2021, 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.

No warrants are being directly held by the directors and officers of the Company.

The Company has no outstanding options.

Item 7. Independent Public Accountants

On the annual stockholders' meeting held on 28 July 2018, SGV & Co. was appointed as the external auditors, with Ms. Maria Pilar B. Hernandez as the partner-in-charge for the audit of the Company's financial statements as at and for the period ending 31 December 2018. 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.

On the annual stockholders' meeting held on 26 July 2019 and 28 August 2020, SGV & Co., was re-appointed as the external auditors, with Ms. Maria Pilar B. Hernandez as the partner-in-charge for the audit of the Company's financial statements as at and for the period ending 31 December 2020.

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

For the ensuing Year 2021 audit, the recommended independent public accountant will still be SGV & Co. with their partner-in-charge, Ms. Maria Pilar B. Hernandez.

Representatives of the Independent Public Accountant (SGV & Co.) 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 Mr. Winston A. Chan and the members are Mr. Lawrence T. Cobankiat, and Mr. Paolo Martin O. Bautista.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

At the special meeting of the stockholders held on 11 January 2019, the shareholders representing 70.06% of the outstanding capital stock approved the issuance of up to 1,300,147,488 common shares from the unissued capital stock ("Newly Issued Shares") through a private placement at a price based on a premium over the closing price of the shares of the Company on 29 November 2018. Also, at the same meeting, the Board of Directors was granted the authority to implement the private placement, including but not limited to, the determination of the issue price and the subscriber or subscribers to the shares to be issued.

On March 26, 2019, the Board approved and authorized the issuance of One Billion Two Hundred Seventeen Million Six Hundred Forty Seven Thousand Four Hundred Eighty Eight (1,217,647,488) common shares from its unissued capital stock ("Subscribed Shares") at an issue price of Php3.60 per share. This raised a total of Four Billion Three Hundred Eighty Three Million Five Hundred Thirty Thousand Nine Hundred Fifty Six Pesos and Eighty Centavos (Php4,383,530,956.80). Thus, the Corporation entered into private placement agreements and subscription agreements with the following corporate subscribers/investors:

Name of Subscriber/Investor	Number of Shares
Fortunegate Holdings Philippines, Inc.	230,000,000
XII Capital Inc.	230,000,000
Millennium Pan-Asia Business Management Services Inc.	230,000,000
Diamond Fortune Holdings, Inc.	230,000,000
Euphonious Holdings, Inc.	121,000,000
Leisure Advantage, Inc.	176,647,488
TOTAL:	**1,217,647,488**

On April 2, 2019, the Corporation approved and ratified the substitution of the subscribers as well as the issuance to and subscription of the Substituted Subscribers to the unissued capital stock of the Corporation at an issue price of Php3.60 per share as follows:

Original Subscribers	Substituted Subscribers	Number of Subscribed Shares
Millennium Pan-Asia Business Management Services Inc.	Colonial Group Holdings Corporation	230,000,000
Diamond Fortune Holdings, Inc.	Globalist Technology Company Limited	230,000,000

It was the decision and the request of Millennium Pan-Asia Business Management Services Inc. and Diamond Fortune Holdings, Inc. ("Original Subscribers") to be substituted or replaced by other qualified subscribers. Colonial Group Holdings Corporation and Globalist Technology Company Limited ("Substituted Subscribers") who expressed their interest to substitute and replace the Original Subscribers.

Upon full payment of the subscription price, the Company issued the shares as follows:

Name of Subscriber/Investor	Number of Shares	Subscription Amount	Percentage of Ownership
Fortunegate Holdings Philippines, Inc.	230,000,000	Php 828,000,000.00	5.65%
XII Capital Inc.	230,000,000	Php 828,000,000.00	5.65%
Colonial Group Holdings Corporation	230,000,000	Php 828,000,000.00	5.65%
Globalist Technology Company Limited	230,000,000	Php 828,000,000.00	5.65%
Leisure Advantage, Inc.	176,647,488	Php 635,930,956.80	4.34%
Euphonious Holdings, Inc.	121,000,000	Php 435,600,000.00	2.97%
TOTAL	**1,217,647,488**	**Php4,383,530,956.80**	

Change(s) in Number of Issued and Outstanding Shares

Issued Shares

Type of Security/Stock Symbol	Before	After
Common Shares/ LR	1,199,852,512	2,417,500,000
Preferred Shares/ LRP	1,650,000,000	1,650,000,000
Warrants/ LRW	82,500,000	82,500,000

Outstanding Shares

Type of Security/Stock Symbol	Before	After
Common Shares/ LR	1,199,852,512	2,417,500,000
Preferred Shares/ LRP	1,650,000,000	1,650,000,000
Warrants/ LRW	82,500,000	82,500,000

Other Changes, if any

In Percent	Before	After
Public Float	64.46 %	31.99%
Foreign Ownership level	5.04%	31.04%

This transaction would prove to be beneficial to the Company as the proceeds was intended to be used as follows:

i. 70%-80% of the proceeds will be used to refinance the Company's existing obligations; and,
ii. 20%-30% will be used to support the Company's expansion programs and working capital requirements.

The proceeds of the private placement in the amount of Four Billion Three Hundred Eighty Three Million Five Hundred Thirty Thousand Nine Hundred Fifty Six Pesos & 80/100 (Php4,383,530,956.80) was indeed used to refinance some of the company's existing long-term obligations amounting to approximately Two Million Four Hundred Eighty Thousand Pesos (Php2,480,000.00), payment of accrued interest of the Preferred Shares in the amount of approximately One Hundred Sixty Million Pesos (Php160,000,000.00), and approximately One Million Seven Hundred Sixty Thousand Pesos (Php1,760,000.00) for the redemption of preferred shares.

On 28 February 2020, the Philippine Stock Exchange ("PSE") issued a Notice of Approval of the Private Placement Transaction. The Notice stated that the PSE Board, in its meeting on 26 February 2020, approved the application of LRWC to list the additional One Billion Two Hundred Seventeen Million Six Hundred Forty Seven Thousand Four Hundred Eighty Eight (1,217,647,488) common shares ("Private Placement Shares") to cover its private placement transaction with the subscribers named above. The Notice further stated that the actual listing and eligibility for trading of the Private Placement Shares will take effect only after certain requirements are met, one of which, is the submission by the Company of a confirmation from the Securities and Exchange Commission ("SEC") that the Transaction is exempt from the Mandatory Tender Offer Requirement, pursuant to Rule 19.3.1.2 of the 2015 Implementing Rules and Regulations of the Securities and Regulation Code.

The Private Placement Shares were successfully listed in the Philippine Stock Exchange on March 30, 2021.

The proceeds of the private placement have been used to refinance some of the company's existing obligations and for general corporate purposes.

Pursuant to the approval of the Board of Directors in its meeting held on 24 October 2019, the Company redeemed One Billion Six Hundred Fifty Million (1,650,000,000) Preferred Shares at the Redemption Price of One Peso (Php1.00) per share on 31 December 2019, which was fully paid on 31 January 2020.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken during the 2021 ASM with respect to any transaction involving (i) merger or consolidation into or with any other person or of any other person into or with LRWC; (ii) acquisition by LRWC or any of its security holders of securities of another person; (iii) acquisition of any other going business or of the assets thereof; (iv) sale or other transfer of all or any substantial part of the assets of LRWC; or (iv) liquidation or dissolution of LRWC.

Item 13. Acquisitions or Disposition of Property

No action is to be taken during the 2021 ASM with respect to acquisition or disposition of ay property of LRWC.

Item 14. Restatement of Accounts

No action is to be taken during the 2021 ASM with respect to restatement of any asset, capital or surplus account of LRWC.

D. <u>OTHER MATTERS</u>

Item 15. Action with Respect to Reports

The minutes of the previous Annual Stockholders' Meeting dated August 28, 2020 shall be submitted to the stockholders for approval. The stockholders shall approve/ratify the Annual Report and the Audited Financial Statements for fiscal year 2020 and the actions taken by the Board of Directors and Officers since the last annual meeting of the stockholders as follows:

1. Appointment of replacement directors (i.e. Messrs. Chueng Ngam Bun and Restituto O. Bundoc) to replace resigned directors: Mr. Eng Hun Chuah and Ms. Xialou Dong for the remainder of their term;
2. Appointment of New President of LRWC: Mr. Cheung Ngam Bun to serve as such for the remainder of Mr. Chuah's term;
3. Appointment of new head of Retail Operations and President of ABLE/TGXI Group: Mr. Restituto O. Bundoc;
4. Appointment of replacement Committee members;
5. Appointment of Primary and Alternative e-mail addresses and mobile numbers for LRWC Group of Companies;
6. Ratification of the Deeds of Revocation pertaining to the previous resigned/retired nominee directors of LRWC Group;
7. Approval of the Retirement Policy;
8. Sale of one (1) of the Company's motor vehicles;
9. Approval of change of bank signatories:
    i. Asia United Bank (AUB);
    ii. Banco de Oro (BDO);
    iii. Philippine Business Bank (PBB);
    iv. Unionbank;

v. United Coconut Planters Bank (UCPB)
10. Update of SSS, HDMF, and Philhealth signatories;
11. Authority to renew business permit for FY2021;
12. Authority to pre-terminate lease agreement in the Philippine Stock Exchange Centre;
13. Appointment of Morales & Justiniano Law firm to handle the Tumaca case;
14. Appointment of Authorized Filers for SEC OST;
15. Update of PBB Investment Management Account

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

The Company will submit to the shareholders for approval the amendment of the Seventh Article of the Articles of Incorporation, to read:

FROM:

"SEVENTH: That the capital stock of the Corporation is Five Billion Pesos (P5,000,000,000) and said capital stock is divided into Two Billion Five Hundred Million (P2,500,000,000) shares of Common Stock of the par value of One Peso (P1.00) each and Two Billion Five Hundred Million (2,500,000,000) shares of Preferred Stock with par value of One Peso (P1.00) per share."

TO:

"SEVENTH: That the capital stock of the Corporation is Five Billion Pesos (P5,000,000,000) and said capital stock is divided into Four Billion (4,000,000,000) shares of Common Stock of the par value of One Peso (P1.00) each and One Billion (1,000,000,000) shares of Preferred Stock with par value of One Peso (P1.00) per share."

The amendment will be brought about by the reclassification of One Billion Five Hundred Million (1,500,000,000) Preferred Shares into Common Shares, which reclassification will also be submitted to the stockholders for approval. Please see discussion in Item 18 below for the background leading to the amendment and reclassification.

Reason and Effect of Amendment

The Company's common shares are almost fully subscribed. The amendment relating to the reclassification of the One Billion Five Hundred Million (1,500,000,000) Preferred Shares into Common Shares will enable the Company to raise funds to address its capital and operational requirements.

The One Billion Five Hundred Million (1,500,000,000) reclassified Common Shares plus the existing authorized capital of Two Billion Five Hundred Million (2,500,000,000) Common Shares would result in an aggregate total of Four Billion (4,000,000,000) Common Shares. On the other hand, the current authorized capital stock of Two Billion Five Hundred Million (2,500,000,000) Preferred Shares will be lessened due to the reclassification of One Billion Five Hundred Million (1,500,000,000) Preferred Shares into Common Shares, which would then result into a total of only One Billion (1,000,000,000) Preferred Shares. Thus, it is submitted for the approval of the shareholders to approve the amendment of the Seventh Article of the Company's Articles of Incorporation to reflect that the Five Billion Pesos (Php5,000,000,000.00) authorized capital stock will be divided into Four Billion (4,000,000,000) Common Shares and One Billion (1,000,000,000) Preferred Shares.

Item 18. Other Proposed Actions

The Company will submit to the shareholders for approval the reclassification of One Billion Five Hundred Million (1,500,000,000) Preferred Shares into Common Shares.

Background

The Company's current authorized capital stock is Five Billion Pesos (Php5,000,000,000) divided into Two Billion Five Hundred Million (2,500,000,000) Common Shares with par value of One Peso (Php1.00) each, and Two Billion Five Hundred Million (2,500,000,000) Preferred Shares with par value of One Peso (Php1.00) each. To date, there are Two Billion Four Hundred Seventeen Million Five Hundred Thousand (2,417,500,000) Common Shares, One Billion Six Hundred Fifty Million (1,650,000,000) Preferred Shares, and Eighty Two Million Five Hundred Thousand (82,500,000) Warrants that are issued and listed. Two Billion Four Hundred Seventeen Million Five Hundred Thousand (2,417,500,000) Common Shares are outstanding, and Zero (0) Preferred Shares are outstanding since all of the issued One Billion Six Hundred Fifty Million (1,650,000,000) Preferred Shares were redeemed on 31 January 2020, and are now in Treasury.

In 2013, the Company issued One Billion Six Hundred Fifty Million (1,650,000,000) Preferred Shares through a private placement. These shares were listed on the Philippine Stock Exchange on 20 December 2013. On 31 January 2020, the Company redeemed all of its outstanding One Billion Six Hundred Fifty Million (1,650,000,000) Preferred Shares, which then became Treasury shares.

On 15 June 2021, the Board of Directors approved the reissuance of the One Billion Six Hundred Fifty Million (1,650,000,000) Preferred Shares from the Treasury. The reissuance of One Billion Six Hundred Fifty Million (1,650,000,000) Preferred Shares plus the existing unissued Eight Hundred Fifty Million (850,000,000) Preferred Shares will comprise the Company's current Two Billion Five Hundred Million (2,500,000,000) Preferred Shares out of the authorized capital stock. All the Two Billion Five Hundred Million (2,500,000,000) Preferred Shares will then be unsubscribed. The resulting capital structure of the Company after the reissuance will still be at Five Billion (5,000,000,000) authorized capital stock, divided into Two Billion Five Hundred Million (2,500,000,000) Common Shares and Two Billion Five Hundred Million (2,500,000,000) Preferred Shares, with Two Billion Four Hundred Seventeen Million Five Hundred Thousand (2,417,500,000) Common Shares and Eighty Two Million Five Hundred Thousand (82,500,000) Warrants issued, listed and outstanding, as well as Zero (0) Preferred Shares subscribed and outstanding.

Also on same date, the Board approved the reclassification of One Billion Five Hundred Million (1,500,000,000) Preferred Shares into Common Shares. The reclassification will happen subsequent to the reissuance of the One Billion Six Hundred Fifty Million (1,650,000,000) Preferred Shares from Treasury, as this will require stockholders' approval and subsequent regulatory approvals. The One Billion Five Hundred Million (1,500,000,000) reclassified Common Shares plus the existing authorized capital stock of Two Billion Five Hundred Million (2,500,000,000) Common Shares would result in an aggregate total of Four Billion (4,000,000,000) Common Shares. On the other hand, the current authorized capital stock of Two Billion Five Hundred Million (2,500,000,000) Preferred Shares will be lessened due to the reclassification of One Billion Five Hundred Million (1,500,000,000) Preferred Shares into Common Shares, which would then result into a total of One Billion (1,000,000,000) Preferred Shares.

Thus, the Company will submit to the shareholders for approval the reclassification of One Billion Five Hundred Million (1,500,000,000) Preferred Shares into Common Shares.

Change(s) in Number of Issued and Outstanding Shares Before & After Reclassification

Authorized Capital Stock

Type of Security/Stock Symbol	Before	After
Common Shares/ LR	2,500,000,000	4,000,000,000
Preferred Shares/ LRP	2,500,000,000	1,000,000,000

Issued Shares

Type of Security/Stock Symbol	Before	After
Common Shares/ LR	2,417,500,000	2,417,500,000
Preferred Shares/ LRP	0	0
Warrants/ LRW	82,500,000	82,500,000

Outstanding Shares

Type of Security/Stock Symbol	Before	After
Common Shares/ LR	2,417,500,000	2,417,500,000
Preferred Shares/ LRP	0	0
Warrants/ LRW	82,500,000	82,500,000

Reason and Effect of Amendment

The Company's common shares are almost fully subscribed. The reclassification will enable the Company to raise funds to address its capital and operational requirements.

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 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.

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 24 June 2021.

LEISURE & RESORTS WORLD CORPORATION
Issuer

By:

CAROL V. PADILLA
Corporate Secretary

MANAGEMENT REPORT

PART I - BUSINESS AND GENERAL INFORMATION

Business

Business Development

Primary Purpose

Leisure and Resorts World Corporation (hereinafter referred to as "the Company" or "LRWC" or "the Registrant") was incorporated on 10 October 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 P750 million. By virtue of the Agreements, ABLE became a wholly owned subsidiary of the Company.

On 19 September 2000, the Securities and Exchange Commission (SEC) approved the Company's increase in authorized capital stock to P2.5 billion. Out of the aforementioned increase which consists of a total 2.5 billion common shares at P1 par value, a total of 750 million common shares with aggregate par value of P750 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 P1 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 P418,563,336 in the Company's deficit as at 01 January 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 10 October 2011.

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. ABLE has established itself as the pioneer in professional bingo gaming in the Philippines. Philippine Amusement and Gaming Corporation (PAGCOR) granted ABLE and subsidiaries/affiliates the authority to operate bingo games pursuant to PD 1869. Since then, bingo outlets of ABLE and its subsidiaries have become community and entertainment centers, a source of revenue for the government, and a sponsor for fund-raising activities relating to social and educational programs.

Total Gamezone Xtreme Incorporated (TGXI)

On 21 July 2014, the Company entered into an Asset and Share Purchase Agreement with Premiere Horizon Alliance Corporation (PHAC) to purchase the latter's 100% stake in 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) e-games stations.

On 09 November 2020, the Company's BOD approved the increase in authorized capital stock from P500,000,000 to P1,000,000,000 divided into 10,000,000 shares with par value of P100 each. The SEC approved the increase on 5 January 2021.

To date, LRWC is the registered owner to One Hundred Percent (100%) of the TGXI's outstanding capital stock in the amount of P342,999,500 divided into 3,429,995 shares with par value of P100.

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 P15,000,000 divided into 150,000 shares with par value of P100, of which P3,750,000 has been subscribed. GCLWC was incorporated to comply with Section 18, Chapter III of the Implementing Rules and Regulations of Republic Act No. 7227. GCLWC obtained an Enterprise Registration with the Subic Bay Metropolitan Authority in 2016.

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 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 representing 100% ownership of PIKI. 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 ₱750.0 million. 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 Commend dated 28 January 2014 as its Memorandum.

On 02 December 2014, the Court of Appeals issued a Decision in favor of 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.

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 LRWC'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 LRWC'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.

LR Data Center and Solutions, Inc. (LRDCSI)

On 20 May 2016, LRDCSI was registered with SEC primarily to engage in information technology and communication and to own, develop, produce, design, integrate, install, sell buy, rent, establish, manage, audit, rehabilitate, operate, lease except financial leasing or otherwise dispose of and generally deal in and with systems, facilities, equipment, devices and services involving the processing, movement, monitoring and retrieval of information including but not limited to data, voice, image, video, audio, tone or any form or kind of communication whatsoever, such as but not limited to Internet Protocol (IP) Systems products and their improvements, provide services related thereto, such as value added services (VAS), voice over internet protocol (VOIP), internet merchant payment processing and payment solution, premium dial up access services, IP-wide area network services, software development and applications, data center services, co-location services, bandwidth, disaster recovery services and managed services and such allied undertakings, and as a consequence and as may be necessary useful and convenient in the premises, carry on and undertake such activities which may be reasonably and conveniently carried on in connection with or incidental to above purpose, or calculated, directly or indirectly, to enhance the value of or render profitable, any of the Corporation's property or rights.

The Company is 80% owned by LRWC.

The Company started its commercial operations on October 01, 2017.

First Cagayan Converge Data Center, Inc. (FCCDCI)

On November 14, 2007, 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. The joint venture corporation was formed to engage in the business of information technology such as IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution, premium dial up access, voice over internet protocol, IP-wide area network services and other value-added services. Presently, FCCDCI provides a range of services to Internet Gaming Operators at the CSEZFP for a fee.

FCCDCI commenced its commercial operations on 1 January 2008, thus, since then, FCLRC's statement of income includes 60% equity in net earnings from FCCDCI.

On 01 January 2017, IP Ventures, Inc. ("IPVI") entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI with a par and issue value of P1 for a total consideration of P16.4 million to LRDCSI.

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

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 ₱5,000,000.00, divided into 50,000 shares with par value of ₱100.00, of which, ₱1,250,000.00 has been subscribed and ₱312,500.00 has been paid up. On 06 May 2013, the Company's BOD approved the increase in the authorized capital stock from ₱5,000,000 to ₱2,000,000,000 divided into 20,000,000 shares with par value of ₱100 per share. The SEC approved the increase in its authorized capital stock on February 2014. As of 31 December 2013, LRWC has subscribed and paid ₱1,450,000.00.

During 2014, LRWC subscribed and paid additional ₱98,750,000.00 bringing its total investment to ₱1,550,000,000.00.

In 2017, ABLGI incorporated 7 subsidiaries (direct and indirect) including its land holding company for the Boracay project.

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 Philippines, Inc. (TPI) was incorporated, a 50% owned associate of LRLDI, which is engaged in the acquisition, lease, donation, etc. of real estate of all kinds. TPI started its commercial operations in 2016.

On November 4, 2019, the Company sold the 50% interest of TPI shares for the selling price of P1,750,000,000.

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 Hong Kong and started its operations in March 2012. On 1 February 2014, the company ceased its operation in Hong Kong and is currently applying for the deregistration of its registration with the Inland Revenue & Companies of the company under the Companies Ordinance of Hong Kong.

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 application for the increase in its authorized capital stock, from ₱5,000,000.00 divided into 50,000 common shares with par value of ₱100.00, to ₱50,000,000.00 divided into 200,000 common shares and 300,000 preferred shares both with par value of ₱100.00.

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 4 June 2018, the BOD approved the declaration of cash dividend equivalent to P0.0425 per share payable to all preferred stockholders of record as of 20 June 2018. On 19 July 2019, the BOD approved the declaration of cash dividend equivalent to P0.0942 per share payable to all preferred stockholders of record as of 2 August 2019. On 24 October 2019, the BOD approved the declaration of cash dividend equivalent to P0.0471 per share payable to all preferred stockholders of record as of 31 December 2019.

There were no cash dividends declared by the BOD to common stockholders of the Company in 2019 and 2020.

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 (P750,000,000.00) 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.

On 27 November 2017, the BOD authorized ABLGI to avail a loan facility with BDO Unibank, Inc. and approved the terms and transactions contemplated by the Omnibus Loan and Security Agreement by and among ABLGI as borrower, share mortgagor, mortgagor and assignor, ABLGI subsidiaries as sureties, share mortgagors, mortgagors and assignors, LRWC as share mortgagor, mortgagor and surety, ABLE, TGXI, PIKI, BCGLC and FCLRC as sureties, BDO Unibank, Inc. as lender, and BDO Unibank, Inc. - Trust and Investments Group as security trustee.

On November 26, 2018, the Board of Directors proposed to issue up to 1,300,147,488 common shares to investors from the unissued capital stock of the Company. These shares are common shares which have the same features as the existing common shares outstanding including voting rights and dividend rights. The Board also approved to hold a Special Stockholders' Meeting on January 11, 2019 to seek the shareholders' approval for the proposed private placement.

On December 3, 2018, the Board approved a private placement from its unissued capital stock (Newly Issued Shares) at a price based on a premium over the closing price of the shares of the Company on November 29, 2018. The proceeds of the proposed private placement will be used to refinance some of the company's existing obligations and for general corporate purposes.

On January 11, 2019, the Stockholders approved the issuance of up to 1,300,147,488 common shares from the unissued capital stock through a private placement at a price based on a premium over the closing price of the shares of the Company on November 29, 2018 and approved the grant of authority to the Board to implement the private placement including but not limited to the determination of the issue price and the subscriber or subscribers to the shares to be issued.

In March and April 2019, 1,217,647,488 common shares were subscribed at P3.60 per share by virtue of the subscription agreements entered into by the Company with its investors. The proceeds from the issuance of common shares have been used to refinance the Company's existing obligations, for expansion programs and working capital requirements.

On 28 February 2020, the PSE issued a Notice of Approval of the Private Placement Transaction. The Notice stated that the PSE Board, in its meeting on 26 February 2020, approved the application of LRWC to list the additional One Billion Two Hundred Seventeen Million Six Hundred Forty Seven Thousand Four Hundred Eighty Eight (1,217,647,488) common shares to cover its private placement transaction with the subscribers named above. The Notice further stated that the actual listing and eligibility for trading of the Private Placement Shares will take effect only after certain requirements are met, one of which, is the submission by the Company of a confirmation from the SEC that the Transaction is exempt from the Mandatory Tender Offer Requirement, pursuant to Rule 19.3.1.2 of the 2015 Implementing Rules and Regulations of the Securities and Regulation Code.

The Private Placement Shares were successfully listed on the Philippine Stock Exchange on 30 March 2021.

The proceeds of the private placement have been used to refinance some of the company's existing obligations and for general corporate purposes.

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.

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 2018, around 10,536 machines were installed in 153 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 2020, a total of 155 Rapid Bingo terminals were installed in 148 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.

As of December 31, 2020, ABLE and its subsidiaries/affiliates operates 151 bingo parlors nationwide (inclusive of 2 minority owned bingo parlors). Most of these bingo parlors are 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
		7	IL Centro, Sta.Lucia East Grandmall Marcos Highway,cor Felix Ave., Cainta Rizal
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,
		4	V-Central Mall, Molino Bacoor, Cavite
All Point Leisure Corporation, 100%	7/16/1997	5	3rd Floor, SM Centerpoint, Araneta Avenue cor Magsaysay
Alpha One Amusement and Recreation Corp., 100%	5/23/2013	6	GF & 2F Romero Bldg., 1337 Balintawak Market, EDSA, Balingasa, Quezon City
Big Time Gaming Corporation, 100%	3/27/2006	7	Sunshine Blvd. Plaza, Quezon Ave. Corner Sct Santiago & Panay Ave., Quezon City
		8	2/F Intrepid Plaza Bldg., E. Rodriguez Ave. Bgry Bagumbayan, Quezon City
		9	G/F QY Plaza, 233 Tomas Morato Ave., South Triangle 4, Quezon City
		10	Unit 102, 6th Flr., Web Jet Acropolis Bldg. 88 E. Rodriguez Jr Ave., Bagumbayan 3, Quezon City
		11	Robinsons' Supermarket, EMA Town Center, Brgy. Camalig, Meycauayan Bulacan
		12	G/F Madison Square Alabang Zapote Road, Las Pinas City
		13	G/F Merville Arcade, West Service Road, corner Merville Brgy. 201 Pasay City
		14	2/F Bocobo Commercial Center, #1244 Legaspi St., Bocobo cor Padre Faura St., Ermita Manila

		15	G/F A.S. Commercial Bldg., Unit A, B, C, Falcon St., Brgy Poblacion 5, Sta. Cruz, Laguna
		16	G/F Sogo Bldg., Brgy San APA Mahalika Highway, Cabanatuan City
		17	Puregold San Mateo, Km 21 Gen. Luna St., Brgy Banaba, San Mateo Rizal
		18	G/F Icon Hotel, #967 EDSA corner West Avenue, Brgy Philam, Quezon City
		19	2F Parkmall E. Ouano Ave. Brgy. Tipolo City South Mandaue Reclamation Area,Special Economic Administrative Zone Mandaue City
		20	SkyOne Bldng., Brgy. Isidro Angono Rizal
		21	C. M Recto Avenue Brgy. 313 Zone 31, Sta. Cruz Manila
		22	G/F Jea Bldg. Lopez St., Corner Jalandoni St., Iloilo City
		23	31 J.P. Rizal St, Brgy. Tabok, Mandaue City
		24	3rd Level EJ Arcade,#252 Friendship Highway,Brgy.Anunas,Angeles City
		25	Lucky Chinatown Mall, #293 Lachambre St., Binondo, Manila
		26	Ground Floor, Robinson's Place,J. Catolico Sr. Avenue, Barangay Lagao , General Santos City
		27	Syquio Business Center Maharlika Highway, Brgy. Daan Sarile Cabanatuan City.
		28	2nd flr. Blue Horizon Bldg.Quezon Avenue Poblacion Alaminos City Pangasinan 2404
		29	Dizon Building # 244 Entiero Street, Brgy. Sto. Cristo, Angeles City Pampanga
		30	2nd flr. Sir Thomas Square. No.18 Matalino St. corner Matatag St. Diliman Quezon City.
		31	#14 Tanjuatco Building, Sampaloc Road, Plaza Aldea, Tanay Rizal
		32	G/F Alabang Zapote Rd. Talon Uno, Las Piñas City
		33	Bldg. Sitio Kanluran, Kumintang Ibaba, Batangas City
Bingo Dinero Corporation, 100%	8/19/1998	34	SM City, North Reclamation Area, Cebu City
Bingo Extravaganza Inc., 100%	1/11/1999	35	SM Sucat, Sucat Road, Paranaque City
		36	SM City Bicutan, Don Bosco, Paranaque City
		37	Tonie's Mart, Puerto Princesa, Palawan
		38	A. Salvador St., Sta. Veronica, Guimba, Nueva Ecija
		39	8343 Elorde Sports Complex, San Antonio, Paranaque City
		40	#424 Division Road, Brgy. Sta. Rosa, Bagombong Nueva Vizcaya
Bingo Gallery, Inc.,	10/16/1998	41	Liana's Mutya ng Pasig Mall, Caruncho,

100%			Pasig City
		42	SM City Mastersons Ave., Canitoan, Cagayan de Oro City
		43	Robinsons Metro East, Santolan, Pasig City
		44	Ground Flr., Molino Blvd., 678 Dampa Wet & Dry Commercial Complex, Brgy Bayaran, Bacoor Cavite
Bingo Palace Corporation, 100%	8/19/1998	45	Robinson's Place, Ermita, Manila
		46	SM Mall of Asia, Pasay City
		47	LGF Congresssional Town Center, #23 Congressional Avenue, Quezon City
		48	G/F Robinson's Luisita Brgy San Miguel, Hacienda Luisita Tarlac
		49	G/F Gaisano Capitol National Road, Labangan, San Jose Mindoro
		50	Ground Floor Sicangco Building, Mc. Arthur Highway, Brgy. San Rafael Tarlac
		51	Benry Square, McArthur Highway Brgy. San Nicolas, Tarlac City
		52	242- C Manly Building Mac Arthur Hi-Way, Dalandanan Valenzuela City
		53	2nd Floor FRC mall Evangelista st., Talaba V., Bacoor City Cavite
		54	2nd flr. Jose Abad Santos Ave., Brgy. Dolores, Northwalk 1,San Fernando Pampanga
		55	UG/F Puregold Novaliches 1018 Quirino Highway Novaliches Quezon City
		56	ATI Bldg, Don Domingo II, Tuguegarao City Cagayan
		57	LG/F, Imall-Camarin. Kiko Rd., Camarin, Caloocan City
		58	GD Plaza, Mc Arthur Highway, brgy. Ilang Ilang, Guiguinto, Bulacan
		59	2/F, HBC Bldg. Norberto St. Brgy. San Jose, San Miguel Bulacan
Cebu Entertainment Gallery, Inc., 100%	9/7/1998	60	Elizabeth Mall, Leon Kilat St., Cebu City
First Leisure and Game Co., Inc., 100%	12/9/1997	61	Robinson's Place, Lacson Street, Mandalagan, Bacolod City
		62	G/F Art District Bldg., Lacson St.,Lopue's Mandalagan, Bacolod City
		63	G/F Gustilo Town Center & Northland Resort, Provincial Road cor National Highway, Manapla, Negros Occidental
		64	G/F Gaisano Mall, Araneta St., Brgy. Singcang, Bacolod City, Negros Occidental
		65	G/F Gaisano Mall, Cagba Brgy Tugbu, Masbate City
		66	G/F Centro Mall Lopez Ave., Batong Malake, Los Banos, Laguna
		67	Rosalie Bldg. Gaisano Door Brgy. Tabunok Talisay City Cebu
		68	2/F Felcris Centrale, Quimpo Boulevard, Brgy. 40-D Davao City
		-	Grand Gaisano Mall Quezon Ave. Digos City Davao (temporarily closed)

		70	G/F DOORS 107/108, JLF Parkway Building A. Pitchon Corner Quirino STS. Davao
		71	Amkor Building National Road Tunasan City of Muntinlupa
		72	3rd Flr. Robinsons Place Tagum, Purok Cacao, Visayan Village, Tagum City
		73	Jose P. Laurel Ave., Brgy. San Antonio, Davao City 2nd Flr.
		74	Chimes Mall, Brgy.27 C,Gov.Sales st. cor Sta. Ana Ave., Davao City
		75	City Mall Mandalagan, Lacson St. cor. G.M. Cordova Ave., Mandalagan, Bacolod City
Galleria Bingo Corporation, 100%	10/27/1998	76	Robinson's Galleria, EDSA, Quezon City (temporarily closed since June 1, 2018)
Gamexperience Entertainment Corp, 100%	5/21/2013	77	G/F Greenhills Town Center , Valencia Quezon City
		78	Pueblo Verde, Mactan Economic Zone-11-Sez Brgy. Basak Lapu-Lapu City Cebu
		79	Ground flr. Gaisano Grandmall Mactan Basak, Marigondon Road corner Ibabao, Gisi-Agus Road, Lapu-Lapu City, Cebu
		80	2nd flr. Blocked D, Mactan Marina Mall, MEPZ 1 brgy. IB, Lapu-Lapu City Cebu
G-One Gaming and Technology, Inc., 100%	4/6/1998	81	Road corner Ibabao, Gisi-Agus Road, Lapu-Lapu City, Cebu SM City Bacoor, Tirona Highway, Cavite
Grand Polaris Gaming Co., Inc. 100%	5/24/2013	82	2/F SM City Cauayan, San Fermin, National Highway, Cauayan City, Isabela
		83	LGU Commercial Bldg., Osmena Avenue, Roxas, Isabela
Highland Gaming Corporation, 100%	6/6/2000	84	Baguio Centermall, Baguio City
		85	SM City Baguio, Luneta Hill, Baguio City
Iloilo Bingo Corporation, 100%	12/1/1999	86	SM City Iloilo, Manduriao, Iloilo City
Isarog Gaming Corporation, 90%	4/24/1998	87	SM City Naga, CBD2, Bgry Trianggulo, Naga City
		88	B3, Unit 1,2,3,544, 55 & 56 ALDP Mall, Roxas Ave Triangulo, Naga City
Manila Bingo Corporation, 95%	9/24/1997	89	SM City Fairview, Regalado, Fairview, Q.C.
Metro Gaming Entertainment Gallery, Inc., 100%	6/24/1998	90	SM Supercenter, Molino Rd., Bacoor, Cavite
		91	5/F 168 Divisoria Mall, Soler St. Binondo, Manila
		92	Unit GF, ANS-08 Pasay City Mall Ave cor Arnaiz, Pasay City
		93	RSAM Center Bldg, J.P. Laurel Cor. Munting Bayan St, Bgry Poblacion IX, Nasugbu, Batangas
		94	Starmall, Bgry Kaypian San Jose Del Monte, Bulacan
		95	G/F MC Arthur H-way Brgy. Del Rosario San Fernando City Pampanga
		96	Metro Towne Center, Marcos Alvarez Avenue, Las Pinas City
Negrense	4/24/2012	97	Ground Floor, Robinsons Place

Entertainment Gallery, Inc. 55%			Dumaguete Brgy. Calindagan Business District, Dumaguete City
		98	Ground Floor, Lee Plaza Hypermart, Bagacan, Dumaguete City
		99	Ground Floor, CityMall Dumaguete, Veterans Avenue, National Highway, Dumaguete City
		100	Ground Floor, CityMall Golden, West Side , Araneta Avenue, Bacolod City
One Bingo Place, Inc., 80%	5/3/2000	101	SM City Manila, Arroceros St., Manila
One Bingo Pavillion, Inc. 100%	1/28/2013	102	Puregold Price Club, Magsaysay Road, Brgy San Antonio, San Pedro, Laguna
		-	G/F Tawala Panglao Bohol (temporarily closed)
		103	Sky One Bldg, Brgy Baleleng, Bantay Iocos Sur
		104	Bldg 537, Rizal Highway Subic Bay Freeport Zone Zambales
		105	TLJ Building G/F & 2F Brgy. Mabiga Mabalacat Pampanga
		106	S and R Centre, De Venecia Ave., Nalsian, Calasiao, Pangasinan
Rizal Gaming Corporation, 100%	11/12/1998	107	Robinson's Place, Cainta, Rizal
		108	Robinsons Boutique, Cainta, Rizal
		109	ITSP Bldg, Ortigas Ave., Bgry San Isidro, Taytay, Rizal
		110	2nd Flr., Graceland Plaza Bldg., J.P. Rizal St., Brgy. Malanday, Marikina City
		111	Hollywood Suites and Resort, Mac Arthur Highway, Brgy Ibayo, Marilao Bulacan
		112	RMR Graceland, 858 Tandang Sora Avenue, Brgy. Tamo, Quezon City
		113	M.H Del Pilar Street Barangay San Rafael, Rodriguez Rizal
		114	2/F, Ardi Commercial Complex, A.Bonifacio Ave. Parola, Cainta, Rizal
SG Amusement and Recreation Corp., 100%	8/24/2005	115	Greenhills Shopping Center, San Juan City
		116	Wilson Square, P.Guevarra, San Juan City
		117	San Juan Commercial Bldg. F. Manalo corner F. Blumentrit San Juan City
		118	LGF Tagaytay-Nasugbu Highway, Bryg. Dayap Itaas, Laurel Batangas
		119	Makati Avenue corner Anza Street, Barangay Bel-Air, Makati City
South Bingo Corporation, 100%	12/10/1997	120	SM City Davao, Quimpo Blvd., Davao City
		121	G/F Victory Town Center, Lemery Batangas
South Entertainment Gallery, Inc., 100%	12/13/2000	122	SM City, San Fernando City, Pampanga
		123	SM Supercenter, Muntinlupa City
		124	SM City Tarlac, San Roque, Tarlac City
		125	Robinsons Calasiao, Calasiao, Pangasinan

Summit Bingo, Inc., 60%	1/19/1999	126	2nd Flr., New St Bldg., Macarthur Highway, Balibago, Angeles City, Pampanga
Topnotch Bingo Trend, Inc. 100%	6/1/2009	127	2nd Flr., SM City Novaliches, Quirino Highway, Novaliches, Quezon City
		128	5/F Metropoint Mall, Edsa Taft, Pasay City & G/F Metropoint Mall, Edsa Taft, Pasay City
		129	2/F SM City Batangas, Pallocan West, Batangas City
		130	2/F SM City Rosario, Brgy. Tejero Convention, Rosario, Cavite City
		131	2/F SM City Rosales, Mc Arthur Highway, Carmen East, Rosales, Pangasinan
		132	2/F Sm City Marikina, Brgy. Calumpang, Marikina City
		133	2/F SM City Clark, M.A. Roxas Highway, Brgy. Malabanias, Clark, Pampanga
		134	2/F SM City Lipa, Ayala Highway, Brgy Maraouy, Lipa City, Batangas
		135	LGF SM City San Lazaro. F. Huertas St., Sta. Cruz, Manila
		136	SM City Taytay, B1 Bldg. A, Brgy. Dolores, Taytay, Rizal
		137	94 Timog Ave., Ybardolaza street Cor.,Sacred Heart, Quezon City
TOPMOST GAMING CORP. 100%	01/13/1998	138	2nd Flr., SM City Novaliches, Quirino Highway, Novaliches, Quezon City
		139	2nd Flr., SM Hypermarket Cubao, EDSA cor Main Ave., Brgy Socorro 3, Cubao Quezon City
		140	2nd Flr., SM Hypermarket Cainta, Felix Avenue, Cainta, Rizal
		141	2nd Floor, Fortune Plaza Bldg. MacArthur Highway, Brgy. Wawa Balagtas, Bulacan
		142	Sapphire Bldg., Govic Avenue, Paulien Dirita, Iba Zambales
Worldwide Links Leisure and Gaming Corp., 100%	12/8/2011	143	Silver City, Frontera Drive, Dona Julia Vargas Avenue, Pasig City
		144	88 E. Rodriguez Avenue, Brgy. Ugong, Pasig City

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 PAGCOR e-Games Station (PeGS), setting up new gaming venues in new locations, and acquiring existing branches from other operators.

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 platform provider.

As of 31 December 2020, TGXI has 33 branches with a total of 936 terminals.

Branch	**Location**	
BANAWE	1	238 Banawe Center, 240 Banawe cor. Panalturan st., Brgy. Manresa Village, Quezon City
BF PARANAQUE 2	2	R.F. Lopez Bldg., Lopez Avenue, Brgy. San Isidro, Parañaque City
BIÑAN-2	3	GF, Kid Tower Mall, Brgy. San Antonio, Biñan City, Laguna
BINANGONAN	4	GF, Grace Building, National Road cor A. Bonifacio St., San Carlos, Binangonan, Rizal
CAINTA 4	5	2ndFloor Saunterfield Bldg. Km 20 Brgy. Sto. Nino Ortigas Ave. Extension Cainta, Rizal
CARMONA	6	Unit 5, Paseo de Carmona, Brgy. Maduya, Carmona, Cavite
CUEVAS VILLE/ MOLINO 2	7	Units 10&11, Cuevasville Commercial Building 3, Daanghari Road, Molino 4, Bacoor, Cavite
DEL MONTE	8	716 Del Monte Avenue, Talayan, QC
DON ANTONIO	9	2F, Don Antonio Sports Complex, Brgy Holy Spirit, Quezon City
FESTIVAL MALL	10	GF, Parkway Lane, Festival Mall, Brgy Alabang, Muntinlupa City
GUIGUINTO	11	2nd Flr., GD Plaza, Mc Arthur Highway, Brgy. Ilang ilang, Guiguinto, Bulacan
HILLSTOP	12	Hillstop Garden Restaurant, Palos Verdes Heights Commercial Area, Sumulong Highway, Brgy. Sta. Cruz, Antipolo City
KARANGALAN	13	GF, D'Jet Commercial Bldg., Imelda Ave., Phase 11-A Lot C, No. 25 and 26, Karangalan Village, Pasig City
KATIPUNAN	14	175 Katipunan Ave., Loyola Heights, Quezon City
KAWIT	15	GF, Bautista Arcade, Brgy Binakayan, Kawit, Cavite
MABALACAT 2	16	Stall 19, Pineda Building, Mc. Arthur Highway, Mabalacat, Pampanga
MADISON	17	GF, Bldg. B, Madison Square #4, Pioneer Street, Mandaluyong City
MALABON	18	Unit 3 Francis Market , Gov. Halili cor M.H Del Pilar Sts., Tenajeros Malabon
MANGGAHAN 1	19	2F, MSI Building, Governor's Drive, Brgy Manggahan, Gen. Trias, Cavite
MAYBUNGA	20	2F, SGC Building, 172 C. Raymundo Ave., Brgy. Maybunga, Pasig City
MEYCAUAYAN	21	665-A, McArthur Highway, Nrgy Bancal, Meycauayan, Bulacan
PACO	22	Unit 3, Topmark Building, Paz Mendoza Guazon St., Paco, Manila
PASO DE BLAS 1	23	2F, LB Bldg., Paso de Blas Road, Valenzuela City
PLARIDEL	24	Amorante Bldg 1, Cagayan Valley Road, Brgy. Tabang, Plaridel, Bulacan

SAN JOSE DEL MONTE	25	Umerez Compound, Tungkong Mangga, San Jose Del Monte City, Bulacan
SAN MIGUEL	26	Total Gas Station, National Highway, Cagayan Valley Road, Brgy. Kamias, San Miguel, Bulacan
SAN RAFAEL	27	141 Cagayan Valley Road, Brgy. Sampaloc, San Rafael, Bulacan
SILANG	28	Brgy. Buho, Silang, Cavite
SILVER CITY	29	GF, Silver City Bldg., Frontera Verde, Bo. Ugong, Paisg City
STA MARIA	30	112 C Gov. Halili Avenue, Brgy. Bagbaguin, Sta. Maria, Bulacan
STARMALL EDSA	31	2F, Starmall Building, EDSA cor Shaw Blvd., Mandaluyong City
VALENZUELA 2	32	GF, Puregold Valenzuela, 419 McArthur Highway, Brgy Dalandanan, Valenzuela City
VISAYAS AVE	33	2F, MSK Building, Tandang Sora, Visayas Avenue, Quezon City

Blue Chip Gaming and Leisure Corporation (BCGLC)

BCGLC has a contract with the Philippine Amusement and Gaming Corporation (PAGCOR) in connection with the VIP Slot Arcade Operation (PAGCOR VIP Club) at Pan Pacific Hotel, Manila, Paseo Premier Hotel, Sta. Rosa, Apo View Hotel, Davao, and Kings Royal Hotel, Bacolor. Pursuant to the said contract, BCGLC provides the gaming space, high end slot machines, furniture, fixtures, equipment and systems for the operations of the aforesaid VIP Slot Arcades. The wholly-owned subsidiary of BCGLC, Gold Coast Leisure World Corporation has a contract with PAGCOR for the PAGCOR VIP Club in Venezia Hotel, Subic Bay Economic Zone and Freeport.

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 with 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 gamines 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 percent (2%) 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 percent (1%) 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 per year.

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.

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

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following: (1) CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming; (2) CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements; (3) To protect FCLRC's interest and investment as the pioneer Licensor, CEZA effectively restricted itself from directly issuing Gaming Licenses to FCLRC's current and previous licensees; (4) All applicants for gaming licenses from CEZA shall post the amount of USD100 million as an investment commitment. In consideration of the significant actual and future investments attributable to FCLRC, CEZA shall credit such investments towards the investment commitment compliance of applications for gaming licenses coursed through FCLRC.

As at 31 December 2020, there were 13 licensed locators, 9 of which are operational.

First Cagayan Converge Data Center, Inc. (FCCDCI)

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

LR Data Center and Solutions, Inc. (LRDCSI)

LRDCSI is a technology company engaged in aggregating data and telecommunication services. LRDCSI's revenue model involves acquiring services from local and foreign technology and telecommunication companies at wholesale rates, bundling said services and then reselling the services at retail rates.

The premium for such activity is warranted given the bespoke and higher level of customer engagement provided by LRDCSI. LRDCSI's portfolio includes solutions related to data center co-location, Internet, private leased lines, mobile and video platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in the industry sectors including land based and online gaming operators. LRWC owns 80% of the outstanding capital of LRDCSI while one of the incorporators owns the remaining 20%.

LRDCSI commenced its commercial operations on October 1, 2017.

AB Leisure Global, Inc. (ABLGI)

AB Leisure Global Inc. (ABLGI) and Leisure and Resorts World Corporation (LRWC) entered into various agreements with Belle Corporation (Belle), Premium Leisure and Amusement, Inc. (PLAI) and Belle Grande Resource Holdings, Inc. (Belle Grande) which secured for ABLGI a 30% share of Belle's and PLAI'S economic interests in the City of Dreams-Manila Integrated Resort and Casino located at Aseana Business Park, Paranaque City.

On 04 November 2016, Belle and PLAI ("Belle Group") signed a Termination Agreement with LRWC and ABLGI ("LRWC Group"), which would enable the latter to realize its interests under its existing agreements with the Belle Group. Under the agreement, Belle Group will pay the LRWC Group a total of P5,090.0 million, with P1,018.0 million paid upon signing and the balance at the end of March 2017. Until the finalization of the transaction, ABLGI will continue to share in the net lease income and gaming revenue of Belle Group.

The Termination Agreement was finalized on 31 March 2017. ABLGI received P4,072.0 million, which comprised of: (1) payment for an outstanding loan of Belle Group to ABGLI amounting to P3,762.0 million; and (2) P310.0 million, of which P110.5 million was a collection of the advances made to Belle while the remaining P199.5 million was lodged under "Other Income" in the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income, representing assignment of rights in relation to the Advisory services rendered to the Philippine Consortium in favor of Belle. Effective 31 March 2017, ABLGI shall be deemed to have divested its economic interest in the City of Dreams-Manila Integrated Resort and Casino.

In 2017, ABLGI incorporated 7 direct and indirect subsidiaries as follows:

Company	Incorporation Date	Nature of Business
AB Leisure Asia Holdings Inc.	August 30, 2017	Holding Company
AB Leisure Holdings Philippines Corp.	September 6, 2017	Holding Company
G-L Real Estate JV Corporation	September 15, 2017	Real Estate/Leasing
G Boracay Land Holdings Inc.	October 10, 2017	Holding Company
G Boracay Alpha Holding Corp.	October 18, 2017	Holding Company
G Boracay Beta Holding Corp.	October 18, 2017	Holding Company
G Boracay Gamma Holding Corp.	October 18, 2017	Holding Company

In October 2017, LRWC signed an Omnibus Loan and Security Agreement (OLSA) for P2,500 million with BDO Unibank, Inc. - Trust and Investment Group as Security Trustee and LRWC as Surety. As disclosed, the OLSA was executed to partially fund the acquisition of parcels of land for the planned resort development in Boracay.

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 P700 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 portion of the advances into shares of stocks upon consolidation and issuance of land titles.

LRLDI has significant land properties in Cagayan which are carried at fair value.

Competition

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.

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 37% to 43% in the last 3 years.

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. PEGS are open 24 hours a day, 7 days a week and are located all over Metro Manila and nearby areas.

BCGLC

BCGLC and GCLWC are competitive with other game operators because of the expertise of its management team in the selection of top of the line & popular slot machines to cope with market demand. Also, the team is effectively managing the venues with appropriate marketing & promotions for the targeted audience.

FCLRC

Being the pioneer 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. Prior to September 2016, FCLRC virtually has no competition in the industry in the Southeast Asia region. However, there are around 80 gaming jurisdictions around the globe.

Major Suppliers

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 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 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 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.

BCGLC

As of December 2017, BCGLC has 920 slot machines which are supplied by Aristocrat (Australia), IGT (USA), Scientific Gaming (USA), Konami (Japan), Jumbo (Taiwan) and Alfastreet (Slovenia). The PAGCOR VIP CLUBs only caters to its registered members.

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

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.

In September 2016, ABLE received notices from PAGCOR informing that the PAGCOR's Board of Directors issued an order to ABLE and its subsidiaries to immediately cease the operations of its E-Bingo games at its 36 sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Bingo Games version 2.0. In response to this, LRWC sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, E-Bingo operations at said sites will be transferred to compliant locations. Consequently, ABLE received via email, notices from PAGCOR of the approval by the PAGCOR's BOD to recall the revocation to operate E-Bingo. 20 E-Bingo sites resumed its operations by virtue of the aforesaid approval. The approval was based on the recommendation of PAGCOR's Gaming Licensing and Development Department (GLDD) and the legal opinion of its Corporate and Legal Services Department (CLSD) to honor the licenses of operators whose gaming sites are located inside malls, arcades and hotels and consider them exempted from distance requirements.

The PAGCOR's BOD allowed the resumption of E-Bingo operations until the respective expiration of the licenses of the sites which are renewable every two years. PAGCOR's BOD, GLDD and CLSD are still in the process of studying whether they will permanently maintain the exemption of malls, arcades and hotels from the distance requirements. PAGCOR further allowed the re-opening of 10 sites bringing the remaining closed E-bingo operations as of 31 December 2017 to 6.

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

TGXI

Due to the expiration of IPLMA license of Philweb last 10 August 2016, TGXI closed 3 of its sites as well as 1,494 terminals in its 51 other sites.

The following month, TGXI received notices from PAGCOR informing that the PAGCOR's Board of Directors issued an order to immediately cease the operations of its Electronic Games at its 17 sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Electronic Games version 2.0. In response, LRWC sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, the Electronic Games operations at said sites will be transferred to compliant locations. Subsequently, PAGCOR allowed the re-opening of 5 sites.

The company continues to expand its operations through rebranding of existing sites, setting up new gaming venues in new locations, and acquiring existing branches from other operators. As of 31 December 2020, TGXI has 33 branches with a total of 936 terminals.

BCGLC

To comply with the requirements of doing business in the Subic Special Economic Zone, the PAGCOR VIP Club at Venezia Hotel, Subic Bay Special Economic Zone with PAGCOR is with Gold Coast Leisure World Corporation (GCLWC), a wholly owned subsidiary of BCGLC.

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.

All contracts with PAGCOR have been renewed and are valid as of reporting date.

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

PAGCOR's P9.36 million expense (monthly rentals under this Contract of Lease) is deducted from the 35% share of HEPI and in addition, HEPI 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.

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.

On 24 November 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following: (1) CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming; (2) CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements; (3) To protect FCLRC's interest and investment as the pioneer Licensor, CEZA effectively restricted itself from directly issuing Gaming Licenses to FCLRC's current and previous licensees; (4) All applicants for gaming licenses from CEZA shall post the amount of USD100 million as an investment commitment. In consideration of the significant actual and future investments attributable to FCLRC, CEZA shall credit such investments towards the investment commitment compliance of applications for gaming licenses coursed through FCLRC.

Government Regulations

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 2017, provision for income tax amounted to P97.14 million.

In 2017, ABLE's business and operations were significantly affected by the signing of Executive Order (EO) No. 26 (Smoking Ban) which prohibits smoking within enclosed public places and public conveyances, except in "Designated Smoking Areas" fully compliant with the standards set in the EO.

On April 6, 2018, PAGCOR issued a Memorandum, through its Assistant Vice President, GLDD, stating that on April 4, 2018, PAGCOR's BOD approved the reversion to 5% Franchise tax on income from bingo game operations and bingo sites. The implementation of the 5% Franchise tax on bingo game offerings shall take effect on the first quarter of 2018. By the virtue of the memorandum issued, ABLE no longer recognized provision for income tax in the first quarter of 2018.

FCLRC

As 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.

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

BCGLC

Pursuant to Presidential Decree No. 1869, the Company shall pay PAGCOR equivalent to five (5%) of its gross revenues in relation to its sublease contract with PAGCOR. Such consideration shall represent the Bureau of Internal Revenue (BIR) Franchise Tax. The Franchise Tax shall be deducted by PAGCOR from its lease payments and shall be remitted to the BIR on behalf of the Company on a monthly basis.

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.

LRWC likewise charged management fees to subsidiaries in 2017.

Research and Development

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.

FCCDCI

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

Cost and effects of compliance with environmental laws

All 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. Same goes with TGXI's PeGs and BCGLC's arcades.

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

Employees

LRWC has 129 and 239 employees in 2020 and 2019, respectively. ABLE and its subsidiaries have a total headcount (including personnel provided by manpower agencies) of 1,167 and 2,259 in 2020 and 2019 respectively, while TGXI has 249 in 2020 and 440 in 2019. On the other hand, FCLRC has 23 employees in 2020 and 24 employees in 2019, whereas BCGLC decreased its employees to 46 in 2020 from 50 employees in 2019. In 2020, PIKI has 3 employees, ABLGI has 1 employee while FCCDCI and LRDCSI are handled by 46 employees. For the year 2020, 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

The Company anticipates a slowdown of revenue due to the government's prohibition against mass gatherings and the imposition of a Community Quarantine over the entire NCR pursuant to the Memorandum from the Executive Secretary issued in reference to Joint Resolutions Nos. 11 and 12 (s.2020) of the *Inter-Agency Task Force for the Management of Emerging Infectious Disease (IATF).* In line with this, PAGCOR issued a Memorandum on 15 March 2020 directing all licensed casinos and gaming sites situated within NCR to temporarily cease gaming operations by midnight on 15 March 2020 until midnight of 14 April 2020 or until the NCR community quarantine is lifted or extended.

In light of the issuance of Resolution No. 41 (Series of 2020) dated 29 May 2020 by the IATF, on 5 June 2020, PAGCOR issued a Memorandum on the *Resumption of Operations of Gaming Sites for Bingo, Electronic and Poker Games* allowing gaming operations to resume in geographical areas classified under the Modified General Community Quarantine, subject to compliance with *Health and Safety Standards for Resumption of Operations of Gaming Sites, as amended,* issued by PAGCOR, and other conditions to ensure COVID-19 Prevention.

In view of the foregoing, the Company has been complying with the mandatory quarantines (and promote voluntary quarantines), social distancing measures, and reduced operational capacity. The Company is constrained to take added measures like testing employees' temperatures and sanitizing the workplace, among other protective measures.

The Company is doing its best to quantify and communicate what it considers as changes to its baseline forecasts given the still-evolving nature of the disruption.

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 Legislative Councils. 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.

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.

Properties

The major assets of the Company and its subsidiaries are: land, building, furniture & fixtures, leasehold improvements, slot machines, bingo equipment and paraphernalia. FCLRC and LRLDI own parcels of land within and outside the vicinity of Cagayan Special Economic Zone Free Port.

ABLE and its subsidiaries lease bingo parlors 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.

In 2017, ABLGI, through its subsidiary, acquired 23 hectares of land in Malay, Aklan for its future project.

Legal Proceedings

Legal proceedings to which the Company or any of its subsidiaries is a party:

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

A. AB LEISURE EXPONENT, INC.

1. AB Leisure Exponent, Inc. vs. Katheryn C. Baluyot
   I.S. No. XV-14-INV-191-01517
   Pasig City Prosecutor's Office

   Case Summary:

   AB Leisure Exponent, Inc. filed a criminal complaint for Qualified Theft before the Pasig City Prosecutor's Office against Katheryn Baluyot, the company's former cash flow custodian of the Treasury Department. The company alleged that on 16 May 2019, Katheryn took with intent to gain the amount of Php1,750,000 cash entrusted to her for deposit to the company's bank account.

   It bears emphasizing that ABLE conducted an exhaustive investigation after the discovery of the missing Php1,750,000 which, in turn, led to the discovery of the anomalies relating to the theft of Php1,000,000 and Php1,300,000 on January 2019 and April 2019, respectively.

   The investigating prosecutor dismissed the Complaint-Affidavit due to lack of direct evidence of the culpability of Katheryn. The company filed its Motion for Reconsideration. Ms. Baluyot filed an Opposition dated 4 March 2020. ABLE filed on 8 June 2020 its Reply to the Opposition.

   On 19 March 2021, ABLE timely filed the Petition for Review dated 18 March 2021 before the Secretary of the Department of Justice (DOJ). The case is currently pending with the DOJ.

B. AB LEISURE GLOBAL, INC.

1. Ramona Tumaca et al. vs. AB Leisure Global, Inc., et al.
   Civil Case No. 18-00825 - For Specific Performance
   Regional Trial Court Branch 147, Makati City

   Case Summary:

   This is a case for Specific Performance and Reconveyance of Property against LRWC subsidiaries in connection with a parcel of land denominated as Lot No. 7322 in Barangay Manoc-Manoc, Boracay Island. Said property was purchased by the subsidiaries from the heirs of Catalino Maming in 2017 using the proceeds of a loan from BDO Unibank, Inc, and is presently mortgaged to the same bank.

   On 10 June 2020, the Court issued an Omnibus Order, which granted, among others, the Motion to Withdraw as Plaintiff filed by Ramona Tumaca.

   The previously set hearing last 30 March 2021 was cancelled because of the MECQ.

C. BINGO EXTRAVAGANZA, INC.

1. Bingo Extravaganza, Inc. vs. Marlyn R. Mamaril, Michel Gabisan, and Guenevere C. Villanueva

NPS- Docket No. V-17-20B-0137 for Qualified Theft
Puerto Princesa City, Palawan Prosecutor's Office

Case Summary:

This is a criminal complaint filed by the company against respondents Mamaril and Gabisan, who were the cashiers on duty on 24 October 2019 at our Bingo Boutique branch in Puerto Princesa City, Palawan. They loaded betting credits to the *Instawin* player's account of respondent Villanueva in the total amount of Six Hundred Sixty Three Thousand Five Hundred Forty Nine Pesos and Eighty Four Centavos (Php663,549.84) even if the latter did not pay for the amount of credits loaded.

The Accused had already fully complied with their obligation under the Compromise Agreement which was previously approved by the Court. On 9 March 2021, the Honorable Court issued an Order dismissing the case.

D. BINGO PALACE CORPORATION

1. People vs. Noli Balistoy y Balla, Raynier Reyes Cristobal, and Reyford Jefferson Balistoy
Criminal Case No. 1888-6-18 for Robbery
Regional Trial Court Branch 283, Valenzuela City

Case Summary:

Bingo Palace Corporation's Bingo Boutique branch at Manly, Valenzuela City, was robbed by unidentified persons on July 11, 2018. The robbers took the sales of the branch in the total amount of One Hundred Ninety One Thousand Pesos (Php191,000). The police conducted a manhunt and eventually captured the robbers. The instant robbery case was filed against the accused.

The case is set for promulgation of decision on 4 June 2021.

E. BLUE CHIP GAMING AND LEISURE CORP.

1. People of the Philippines vs. Josie M. Duncil (2015 case)
Criminal Case No. 21155, 21156, 21157, and 21158
Regional Trial Court Branch 42, San Fernando City, Pampanga

Case Summary:

This is a criminal case filed by Blue Chip Gaming and Leisure Corporation against Josie M. Duncil (Josie), its former Human Resource and Administrative Officer, for violation of 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 (Php1,327.000). 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 of the players of the VIP Club. The court issued Warrants of Arrest but until now Josie remains at large. The records of this case were sent to the Archives and to be revived upon the arrest of the accused.

It was established that this criminal case has been archived by the court.

F. HOTEL ENTERPRISES OF THE PHILIPPINES, INC.

1. People of the Philippines vs. Hernando Bruce ((2016 case)
   Criminal Case No. R-PSY-15-10408-CR
   Regional Trial Court Branch 114, Pasay City

   Case Summary:
   This is an estafa case under Art. 315 of the Revised Penal Code filed by Midas Hotel and Casino/Hotel Enterprises of the Philippines Inc. against its customer, Hernando Bruce, who introduced himself as a bishop of a religious organization. He used the Midas Tent for his groups' gathering on 20 March 2015 attended by 150 persons. After the event, he and the members of the organization left the hotel without paying the hotel facilities that they used and the food and beverages they consumed in the total amount of One Hundred Fifty Thousand Pesos (PhP150,000.00), to the damage and prejudice of the company. The accused jumped bail. He remains at large until now. The records of this case were sent to the Archives and to be revived upon the arrest of the accused.

   This criminal case has been archived by the court.

2. People of the Philippines vs. Cheryl Go
   Criminal Case No. M-PSY-18-36003-CR
   Metropolitan Trial Court Branch 45, Pasay City

   Case Summary:

   Nature: Criminal Case for Violation of BP 22

   Background:

   Accused Cheryl Go, an event coordinator, booked rooms and facilities of the hotel for an event to be attended by 100 persons. During the preparation and signing of the contract, Cheryl offered to settle through check payment the total contract price of Php1,148,500. She assured that the check was fully funded when presented for payment. Due to the insistence of Cheryl, the manager accepted the check representing the contract price. After the event, however, when the check was presented for payment, the bank returned the check being drawn against an insufficient fund. Hence, HEPI instituted the instant case. During the mandated Court-Annexed Mediation, the parties entered into a Compromise Agreement, wherein Cheryl promised to pay the amount with interest within 6 months in the total amount of Php1,497,194.20. Cheryl eventually failed to pay said amount leading to HEPI to file a motion to revive the case. Cheryl filed a Comment.

   The Pre-Trial of this case was initially set on August 28, 2020. However, Ms. Go appeared before the Court without any lawyer. Considering the ongoing pandemic and to afford Ms. Go an opportunity to engage another lawyer, the court ordered the Pre-Trial to be reset. The previously set hearing last 5 May 2021 was cancelled because of the MECQ.

3. People of the Philippines vs. Rosanna "Rose" Demiar
   Metropolitan Trial Court Branch 46, Pasay City

   Case Summary:

   This is a consolidated criminal case covering sixteen (16) counts of violations of Batas Pambansa Blg. 22 against Ms. Rosanna "Rose" Demiar (Ms. Demiar) in which Hotel Enterprises of the Philippines, Inc. ("HEPI") is the private complainant. Said cases concern Ms. Demiar's issuance of sixteen (16) checks made out in the name of HEPI covering an aggregate amount of Four Hundred Eighty Thousand Pesos (PHP 480,000.00) – all of which were dishonored upon deposit.

The case remains archived, with the Alias Warrant of Arrest issued against Ms. Demiar remaining unserved. Ms. Demiar remains at large and no information as regards her whereabouts is available.

4. Hotel Enterprises of the Philippines, Inc. vs. Rosanna "Rose" Demiar
   Pasay City Prosecutor's Office

   Case Summary:
   This is a criminal complaint for Estafa by Deceit under Article 315, Paragraph 2 of the Revised Penal Code filed by HEPI against Ms. Demiar, a former indirect employee (agency hired) of HEPI. Said case concerns her collection of a total of PHP 1,260,000.00 from Mr. Ye Guangjian, President of Philhua Shipping Inc., in exchange for what she fraudulently misrepresented to be membership in a hotel membership program and a number of advance room reservations at rates well below published rates both in Midas Hotel & Casino.

   On 8 July 2020, the Prosecutor's Office issued a Resolution ordering the dismissal of the complaint and advising that the proper party to file the complaint is Mr. ye Guangjian.

5. In the Matter of the Petition for Voluntary Insolvency and Corporate Liquidation of Petitioner AT (Asia Travel) Phil., Inc.
   Regional Trial Court Branch 158, Pasig City

   Case Summary:

   Asia Travel Phil., Inc. was one of the online travel agents of Midas Hotel since 2011. On 6 November 2018, Asia Travel filed the instant Petition. HEPI filed its Notice of Claims in the total amount of Two Hundred Fifty-Seven Thousand Eight Hundred Five Pesos (Php257,805) representing the total outstanding obligation of Asia Travel to HEPI.

   A copy of the Omnibus Order dated January 18, 2021 was secured from the court with the following resolutions:

   1. Approved Employee Lease Agreement;
   2. All concerned creditors (including HEPI) are directed to comment on the compensation/fee proposed by the Liquidator; and,
   3. The Liquidator is directed to make the "Updated Preliminary Registry of Claims".

   A Monitoring Conference was set on December 15, 2020. The motions that were set to be heard during the physical closure of Courts (until May 14, 2021) were deemed reset in accordance with the existing Circulars directing physical closure of courts.

G. GAMEXPERIENCE ENTERTAINMENT CORP.

1. GAMEXPERIENCE ENTERTAINMENT CORP. vs. ANNE G. DELOS REYES
   I.S. No. VII-12-INV-20C-CO159 for Qualified Theft
   Office of the City Prosecutor, Lapu-Lapu City, Cebu

   Case Summary:

   Anne G. Delos Reyes was a branch cashier of our Bingo Boutique Mactan South Gate Branch located at Pueblo Verde, Lapu-Lapu City, Cebu. We filed the instant complaint for Qualified Theft for her unlawful taking of the sales of the branch on 7 January 2020 in the total amount of Twenty-three Thousand Pesos (Php23,000.00).

   A Warrant of Arrest was issued on 2 October 2020. Ms. Anne Delos Reyes is still at large.

H. ONE BINGO PAVILION, INC.

1. Mr. Bayani A. Atienza, Jr. and Ms. Aileen Grace Parra (Revenue Officer and Group Supervisor, respectively, of BIR RDO 57 -West Laguna)

   -versus-

   Reynaldo P. Bantug and Maria Antonia L. Cabili, former President and Treasurer of One Bingo Pavilion

   NPS Docket No. IV-18-INV-20B-00029 for Violation of BIR Law
   Office of the City Prosecutor, San Pablo City, Laguna

   Case Summary:

   BIR RDO 57-West Laguna (Biǹan City, Laguna) filed the instant complaint against former officers of One Bingo Pavilion, Bingo Boutique San Pedro Laguna Branch located at Puregold Building, National Highway, San Antonio, San Pedro Laguna for violation of Section 266 in relation to Section 5 of the National Internal Revenue Code (RA 8424, as amended).

   The BIR alleged in their complaint-affidavit that the said officers of One Bingo Pavilion, Inc. failed to obey the Subpoena Duces dated 15 October 2019 requiring the taxpayer to appear before the Office of the Chief, Legal Division of the said BIR office on 29 October 2019 and to bring the stated book of accounts and other accounting records and documents. The Office of the City Prosecutor scheduled two (2) hearings on March 18 and 25, 2020. Due to the enhanced community quarantine, the hearings were postponed. Another subpoena will be sent to inform the parties of the new schedule of the hearings.

   On 3 February 2021, One Bingo Pavilion Inc. ("OBPI") paid the assessment in full. On 3 March 2021, the Municipal Trial Court in Cities – San Pablo dismissed the criminal case filed against OBPI's former corporate officers in connection with the 2017 Assessment. Accordingly, the warrant of arrest issued against said officers has been quashed, recalled, and set aside.

Labor Cases:

A. LEISURE & RESORTS WORLD CORP.

1. Eric Joseph Y. Mananquil vs. Leisure & Resorts World Corp.
NLRC LAC No. 07-002844-19 and NLRC NCR Case No. 01-0003819
Pending before the Court of Appeals, Manila

Case Summary:

In 2003, Eric Joseph Y. Mananquil ("Eric") was engaged as a consultant of Binondo Leisure Resources, Inc. ("BLRI"), serving as a Project Director. He served with BLRI until 2015. On 15 October 2015, he was hired by LRWC as Head of the Engineering and Logistics Department. In May 2018, Eric submitted his application letter to avail of the retirement benefits under the Retirement Policy of LRWC. However, the management determined that he was not eligible to retirement benefits since he failed to meet the five-year minimum tenure requirement for early retirement. Due to the denial, he submitted a resignation letter but later instituted the instant case before the NLRC. The Labor Arbiter ruled that the complainant was not illegally dismissed. However, the Labor Arbiter added that Eric is entitled to retirement benefits under the Retirement Policy of the Company. On appeal, the NLRC Sixth Division set aside the Decision of the Labor Arbiter and dismissed the Complaint of Eric for lack of merit. The NLRC ruled that Eric failed to present evidence that he was an employee of LRWC for at least five years. Eric filed a Petition for Certiorari before the Court of Appeals (CA) after the denial by NLRC of his Motion for Reconsideration.

As of 3 February 2021, the case is referred to the Philippine Mediation Center. The Supreme Court will release schedule dates for Mediation hearing after the Modified Enhanced Community Quarantine ("MECQ").

2. Gemalyn Divino and Mary Jean Serrano vs. Leisure & Resorts World Corp.
SEAD NLRC-NCR-01-00386-20, National Labor Relations Commission

Case Summary:

Gemalyn N. Divino was the Branch Manager of Bingo Boutique Festival Mall, Alabang. On 29 August 2019, the Internal Audit of the company conducted a random audit at the branch. Based on the result of the audit, the prize fund of the branch was short of P32,000. Notices to Explain were issued to Gemalyn and the two cashiers Maricar Ragada and Mary Jean Serrano. Gemalyn admitted that she took the amount of P32,000 from the prize fund with the knowledge of the said cashiers. After due notice and hearing, the committee decided to terminate their employment due to commission of fraud against the company and the consequent loss of trust of confidence since they were occupying positions of trust as cashiers and branch manager. They are now filing the instant case for illegal dismissal.

On 6 March 2020, Ms. Magada accepted the checks representing payment of her final pay. She then executed a Quitclaim in favor of the company.

Submission of Matters to a Vote of Security Holders

a) An annual meeting of stockholders of the registrant was held on 28 August 2020.

b) During the said annual meeting the following persons were elected as directors of the registrant:

1. Eng Hun Chuah*
2. Eusebio H. Tanco
3. Mardomeo Raymundo Jr.
4. Alfredo Abelardo B. Benitez
5. Paolo Martin Bautista
6. Willy N. Ocier
7. Xiaolu "Lucy" Dong
8. Renato G. Nuñez
9. Max Aaron Wong

with the following as independent directors under Section 38 of the Security Regulation Code (RA 8799):

10. Winston A. Chan
11. Lawrence Cobankiat

* Ms. Xiaolu Dong resigned on 2 December 2020, and her seat was later on filled up with the appointment of Mr. Restituto O. Bundoc on 17 December 2020. Mr. Eng Hun Chuah also resigned on 17 December 2020, and was replaced by Mr. Ngam Bun Cheung on same date.

c) During the annual meeting of stockholders of the registrant last 28 August 2020, 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 Stockholders' Meeting held on 26 July 2019;

2. Approval of Annual Report and Audited Financial Statement for the fiscal year 2019;

3. Ratification of actions taken by the Board of Directors and Officers since the last annual meeting held on 26 July 2019;

4. Nomination and Election of the Corporation's Directors; and,

5. Appointment of external auditors for year 2020.

d) In the previous Annual Stockholders' Meeting held on 28 August 2020, the voting was done in person or by proxy or by votes cast through remote communication or *in absentia* by sending the votes via e-mail to investorrelations@LRWC.com.ph, pursuant to Sections 23 and 57 of the Revised Corporation Code. The Corporate Secretary reported during the meeting the votes received and informed the stockholders if the particular agenda was carried or disapproved. The total number of votes cast for all items for approval under the agenda was flashed on screen. For the actual tabulation, record and results of votes under each agenda, please refer to the Minutes of the Annual Stockholders' Meeting held on 28 August 2020 via URL below:

https://lrwc.com.ph/wp-content/uploads/2020/12/2020-Annual-Stockholders-Minutes-of-the-Meeting.pdf

e) The stockholders were given an opportunity to ask questions during last year's Annual Stockholders' Meeting. There were a total of four (4) questions asked and answered. To view the actual questions and answers, please refer to the Minutes of the Annual Stockholders' Meeting held on 28 August 2020 via URL below:

https://lrwc.com.ph/wp-content/uploads/2020/12/2020-Annual-Stockholders-Minutes-of-the-Meeting.pdf

f) The directors who attended the Annual Stockholders' Meeting held on 28 August 2020 are the following:

1. Mr. Eusebio H. Tanco – Chairman
2. Mr. Eng Hun Chuah – President
3. Mr. Johnson Cheung
4. Mr. Alfredo Abelardo B. Benitez
5. Mr. Willy N. Ocier
6. Mr. Max Aaron Wong
7. Mr. Paolo Martin O. Bautista
8. Mr. Ignatius F. Yenko
9. Mr. Renato G. Nuñez
10. Mr. Anthony L. Almeda
11. Mr. Lawrence T. Cobankiat

The above information is also reflected in the Minutes of the meeting which may be viewed via URL below:

https://lrwc.com.ph/wp-content/uploads/2020/12/2020-Annual-Stockholders-Minutes-of-the-Meeting.pdf

g) 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, including the volume of transactions for each quarter.

QUARTER ENDING	IN PHILIPPINE PESO				VOLUME (MAIN BOARD)	VOLUME (TOTAL)
	HIGH	HIGH_ ADJ*	LOW	LOW_ ADJ*		
1Q 2019	4.05	4.05	3.20	3.20	63,446,000	63,446,000
2Q 2019	4.86	4.86	3.60	3.60	116,732,000	116,732,000
3Q 2019	4.11	4.11	2.97	2.97	55,230,000	55,230,000
4Q 2019	3.28	3.28	2.37	2.37	21,703,000	21,703,000
1Q 2020	2.48	2.48	1.69	1.69	17,196,667	17,196,667
2Q 2020	1.69	1.69	1.37	1.37	9,443,333	9,443,333
3Q 2020	1.39	1.39	1.16	1.16	6,386,667	6,386,667
4Q 2020	1.93	1.93	1.52	1.52	18,100,000	18,100,000
1Q 2021	2.18	2.18	1.65	1.65	73,848,000	73,840,000
2Q 2021**	1.94	1.98	1.44	1.44	186,435,000	186,435,000

**There were no adjustments during 2020 and 2019.*
*** 2Q 2021 is up to 23 June 2021.*

Closing Market Price as of 23 June 2021 is P1.60 per share. On the other hand, the Closing Market Price as of 30 June 2020 is P1.48 per share, and as of 31 December 2020 is P1.92.

The Company complied with the required minimum public ownership. As of 31 December 2020, total number of common shares owned by the public is 754,926,332 shares or equivalent to 31.23% of the total issued and outstanding common shares. The warrants owned by the public as of 31 December 2020 is 82,500,000, or equivalent to 100% of total issued and outstanding warrants.

The Company's earnings (loss) per share are: (P0.0668) per share in 2019 and P0.3715 in 2018.

(2) Holders

The stock transfer agent reported 1,183 holders of common shares of the registrant and 2 holders for warrants as of 31 May 2021. As of 15 May 2021, 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)	1,465,377,814	60.62%
2	PCD Nominee Corporation (Non-Filipino)	507,923,150	21.01%
3	Alfredo Abelardo B. Benitez	134,841,249	05.58%
4	Grandshares Inc.	120,000,000	04.96%
5	Zoraymee Holdings, Inc.	111,267,658	04.60%
6	Dominique L. Benitez	31,680,000	01.31%
7	AB Leisure Exponent, Inc.	21,567,000	00.89%
8	Willy Ng Ocier	2,125,200	00.09%
9	Paul Luis P. Alejandrino	1,426,224	00.06%
10	Jianxi Li	1,026,000	00.04%
11	Liberty Farms, Inc.	809,129	00.03%

12	Provident Insurance Corp.	591,023	00.02%
13	Brisot Economic Development Corp.	512,004	00.02%
14	Visayan Surety & Insurance Corp.	486,294	00.02%
15	Oliver V. Amorin	311,220	00.01%
16	Tan Keg Tiam	279,618	00.01%
17	Allen Cham	260,242	00.01%
18	John Go Kongwei Jr.	252,870	00.01%
19	David Go Securities Corp.	251,674	00.01%
20	Benjamin L. Pay	251,674	00.01%

As of 15 May 2021, 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)	81,656,000	98.98%
2	PCD Nominee Corporation (Non-Filipino)	844,000	1.02%

Below is the summary list of foreign ownership as of 31 May 2021, 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	10	141,117	0.01%
British	1	13,619	0.00%
Chinese	75	3,178,911	0.13%
Filipino	1,725	1,912,414,287	79.11%
German	1	1,064	0.00%
Spanish	2	19,442	0.00%
Others	2	501,769,850	20.76%

Common shares are composed of 79.11% Filipino and 20.89% Foreign, while warrants are composed of 98.88% Filipino and 1.12% 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 except in cases where the Company does not have enough retained earnings or is in a deficit position. For nine consecutive years, the Company distributed cash dividends to its shareholders. In the past years, cash dividends declared to common shareholders were equivalent to P0.060 per share in 2007, P0.060 per share in 2008, P0.060 per share in 2009, P0.080 per share in 2010, P0.075 per share in 2011 and 2012, P0.080 in 2013 and 2014, P0.120 in 2015, P0.080 in 2016 and P0.070 in 2017.

(4) Recent Sale of Unregistered Securities

Preferred Shares

The issuance of P1.65 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	Shares	Php
PCD Nominee Corporation (Filipino)	1,596,860,000	1,596,860,000
GSIS Provident Fund	50,000,000	50,000,000

PCD Nominee Corporation (Non-Filipino)	1,440,000	1,440,000
Mary Lou Santos Cera-Garcia	1,000,000	1,000,000
Mary Lou Cera Garcia	700,000	700,000
TOTAL	**1,650,000,000**	**1,650,000,000**

The P1.65 billion perpetual preferred shares were 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 P1.65 billion perpetual preferred shares have a par value of P1.00 per share and an issue price of P1.00 per share. The preferred shares are cumulative, non-voting and non-participating. On the fifth anniversary of the issue date of the P1.65 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 P15.00 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.

On 31 January 2020, all P1,650,000,000 preferred shares were redeemed at a redemption price of P1.00 and recorded as treasury shares in the books of the Company.

<u>*Common Shares*</u>

At the special meeting of the stockholders held on 11 January 2019, the shareholders representing 70.06% of the outstanding capital stock approved the issuance of up to 1,300,147,488 common shares from the unissued capital stock ("Newly Issued Shares") through a private placement at a price based on a premium over the closing price of the shares of the Company on 29 November 2018. Also, at the same meeting, the Board of Directors was granted the authority to implement the private placement, including, but not limited to, the determination of the issue price and the subscriber or subscribers to the shares to be issued.

On March 26, 2019, the Board approved and authorized the issuance of One Billion Two Hundred Seventeen Million Six Hundred Forty Seven Thousand Four Hundred Eighty Eight (1,217,647,488) common shares from its unissued capital stock ("Subscribed Shares") at an issue price of Php3.60 per share. This raised a total of Four Billion Three Hundred Eighty Three Million Five Hundred Thirty Thousand Nine Hundred Fifty Six Pesos and Eighty Centavos (Php4,383,530,956.80). Thus, the Corporation entered into private placement agreements and subscription agreements with the following corporate subscribers/investors:

Name of Subscriber/Investor	Number of Shares
Fortunegate Holdings Philippines, Inc.	230,000,000
XII Capital Inc.	230,000,000
Millennium Pan-Asia Business Management Services Inc.	230,000,000
Diamond Fortune Holdings, Inc.	230,000,000
Euphonious Holdings, Inc.	121,000,000
Leisure Advantage, Inc.	176,647,488
TOTAL:	**1,217,647,488**

On April 2, 2019, the Corporation approved and ratified the substitution of the subscribers as well as the issuance to and subscription of the Substituted Subscribers to the unissued capital stock of the Corporation at an issue price of Php3.60 per share as follows:

Original Subscribers	Substituted Subscribers	Number of Subscribed Shares
Millennium Pan-Asia Business Management Services Inc.	Colonial Group Holdings Corporation	230,000,000
Diamond Fortune Holdings, Inc.	Globalist Technology Company Limited	230,000,000

Upon full payment of the subscription price, the Company issued the shares as follows:

Name of Subscriber/Investor	Number of Shares	Subscription Amount
Fortunegate Holdings Philippines, Inc.	230,000,000	Php 828,000,000.00
XII Capital Inc.	230,000,000	Php 828,000,000.00
Colonial Group Holdings Corporation	230,000,000	Php 828,000,000.00
Globalist Technology Company Limited	230,000,000	Php 828,000,000.00
Leisure Advantage, Inc.	176,647,488	Php 635,930,956.80
Euphonious Holdings, Inc.	121,000,000	Php 435,600,000.00
TOTAL	**1,217,647,488**	**Php4,383,530,956.80**

On 28 February 2020, the Philippine Stock Exchange ("PSE") issued a Notice of Approval of the Private Placement Transaction. The Notice stated that the PSE Board, in its meeting on 26 February 2020, approved the application of LRWC to list the additional One Billion Two Hundred Seventeen Million Six Hundred Forty Seven Thousand Four Hundred Eighty Eight (1,217,647,488) common shares ("Private Placement Shares") to cover its private placement transaction with the subscribers named above. The Notice further stated that the actual listing and eligibility for trading of the Private Placement Shares will take effect only after certain requirements are met, one of which, is the submission by the Company of a confirmation from the Securities and Exchange Commission ("SEC") that the Transaction is exempt from the Mandatory Tender Offer Requirement, pursuant to Rule 19.3.1.2 of the 2015 Implementing Rules and Regulations of the Securities and Regulation Code.

On 30 March 2021, the Private Placement Shares were successfully listed on the Philippine Stock Exchange.

The proceeds of the private placement have been used to refinance some of the company's existing obligations and for general corporate purposes.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Comparable Discussion on Material Changes in Results of Operations and Financial Condition

2020 vs. 2019

LRWC Operations

LRWC is functioning as a holding company with minimal operations. LRWC is focusing its endeavor in supporting the productivity programs of its subsidiaries as grouped in the following segments: **CASINO** (1) Prime Investment Korea, Inc. (PIKI - 100% owned), (2) Blue Chip Gaming and Leisure Corporation (BCGLC - 100% owned),(3) Gold Coast Leisure World Corp. (GCLWC - 100% owned) (4) Hotel Enterprises of the Philippines, Inc. (HEPI 51% owned, joint venture); **ONLINE** (5) First Cagayan Leisure and Resort Corporation (FCLRC - 69.68% owned), (6) LR Data Center and Solutions, Inc. (LRDCSI - 80% owned), (7) First Cagayan Converge Data Center Inc. (FCCDCI - 57.8%); **RETAIL** (8) AB Leisure Exponent, Inc. (ABLE - 100% owned), (9) Total Gamezone Xtreme, Inc. (TGXI - 100% owned); and **PROPERTY** (10) AB Leisure Global, Inc. (ABLGI - 100% owned), (11) LR Land Developers, Inc. (LRLDI - 100% owned).

Based on PFRS 3, Business Combination, LRWC has not amortized the goodwill on its investments in its subsidiaries. Instead, PFRS 3 requires for an annual test for goodwill impairment. On the basis of the test for impairment of goodwill, there is no need to provide for allowance for impairment in 2019.

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

LRWC's aim is to enable shared services functions that will provide consistent managerial and administrative services to all of its subsidiaries including marketing programs and continuous organizational changes.

The total operating expenses of LRWC amounted to P291.9 million in 2020, a decrease of P157.3 million from last year's P492.2 million.

LRWC recorded its 51% share in the net results of Hotel Enterprises of the Philippines, Inc. (HEPI) beginning the third quarter of 2013. In 2020, LRWC's share in HEPI's net loss amounted to P102.4 million or a decrease of P251.4 million or 168.75% as compared to last year's share in net income of P149.0 million.

Consolidated Result of Operations

LRWC posted a consolidated total comprehensive loss (after minority interest) of P1,301.2 million in 2020 as compared to P60.4 million in 2019. The suspension of all gaming operations due to the Covid-19 pandemic and subsequent community quarantine restrictions imposed by the Philippine government from mid-March to June 2020 was primarily responsible for the drastic drop in net income. Even after gaming operations were reopened, many of the sites remained closed for a variety of reasons, such as safety concerns or lower traffic due to restrictions brought by the community quarantine. The Company undertook several cost-cutting and cost-reduction steps to mitigate the effects of lost sales during the pandemic.

PIKI Operations

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

In 2020, PIKI's net loss amounted to P81.6 million, a further decrease of P22.2 million or 37.34% from 2019's net loss of P59.4 million. Between mid-March 2020 and December 31, 2020, operations were suspended due to the pandemic, which resulted in the decline of PIKI's income.

BCGLC Operations

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

On 24 July 2015, BCGLC incorporated a subsidiary, GCLWC with authorized capital stock of Fifteen Million Pesos (P15,000,000.00) divided into One Hundred Fifty Thousand shares (150,000) with par value of P100.0, of which Three Million Seven Hundred Fifty Thousand Pesos (P3,750,000.00) has been subscribed. GCLWC was incorporated to comply with Section 18, Chapter III of the Implementing Rules and Regulations of Republic Act (R.A.) No. 7227. GCLWC obtained its Certificate of Registration from the Subic Bay Metropolitan Authority on 2 August 2016.

On 17 December 2015, BCGLC received a letter from PAGCOR, informing that PAGCOR's Board of Directors approved and confirmed the assignment in favor of BCGLC of the Contracts of Lease over four (4) PAGCOR VIP Clubs at (1) Venezia at Subic Bay Freeport Zone, Subic Zambales with Palmgold International Limited; (2) Pan Pacific, Malate Manila with Pacific Palm Corporation; (3) Paseo Premier Hotel, Sta. Rosa Laguna with Pacific Palm Corporation; and (4) Apo View Hotel, Davao City with Pacific Palm Corporation.
On 18 January 2016, BCGLC assigned the VIP Club at Venezia at Subic Bay Freeport Zone to its subsidiary, GCLWC.

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

On March 16, 2018, BCGLC entered into a Lease and Technical Assistance Agreement with Entertainment Gaming Philippines, Inc. (EGP) for the lease of slot machines. By virtue of the Agreement, BCGLC shall be paid an amount equivalent to 16% of the Monthly Net Wins derived from the operations of the leased machines.

On January 19, 2019, BCGLC entered into an Asset Purchase Agreement with EGP for the sale of two (2) PAGCOR VIP Clubs at San Pedro Town Center, Laguna and Universal Park Mall, Sta. Cruz, Manila.

BCGLC and GCLWC's combined turnover decreased from P33.1 billion in 2019 to P12.9 billion in 2020. Consequently, combined revenues for the year ended 31 December 2020 amounted to P233.0 million, a drop of P402.5 million or 63.33% from P635.5 million in 2019 whilst operating expenses declined by P114.5 million or 29.23%. As a result, net loss for the year amounted to P88.8 million, a decrease of P247.5 million or 155.91% from last year's net income of P158.8 million.

FCLRC Operations

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

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

FCLRC's revenues amounted to P303.9 million in 2020, representing a decrease of P195.3 million or 39.1% from last year's revenues of P499.2 million. Despite the fact that the number of operating licensees remains the same at 9 in both years, the decrease was mainly due to the lesser renewal of licensees from 22 last year to 13 in 2020. Hosting fees amounted to P315.9 million in 2020 a decreased by P50.9 million or 13.9% from prior year while license application fees amounted to P29.9 million, a decreased by P37.2 million or 55.4% from last year.

FCLRC's cost and OPEX amounted to P112.5 million, likewise decreased by P40.4 million or 26.8% from last year.

FCCDCI/LRDCSI Operations

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

FCCDCI commenced its commercial operations on 01 January 2008, thus, since then until 31 December 2016, FCLRC's statement of income includes 60% equity in net earnings from FCCDCI.

On 01 January 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI with a par and issue value of P1 for a total consideration of P16.4 million to LRDCSI.

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

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

LRDCSI owns 20% of the outstanding capital stock of FCCDCI effective 01 January 2017.

LRDCSI started its commercial operations in the last quarter of 2017.

In order to compete with the local telcos, the LRDCSI Group initiated several price adjustments and bundling of additional services and products into the package (DDOS, upgrades/additional circuits) in 2018. The Group likewise secured redundant lines in anticipation for various capacities that did not consummate in 2018. This resulted to a slightly lower revenues, but higher direct costs in 2018 despite increase in volume.

Total revenue decreased by P166.8 million from P621.4 million in 2019 to P454.6 million in 2020 while total direct costs and operating expenses also decreased by P61.5 million from P574.0 million in 2019 to P512.5 million in 2020. The LRDCSI Group has initiated measures to manage these costs by terminating redundant lines.

Total consolidated net loss of FCCDCI and LRDCSI amounted to P61.7 million, net of minority and equity share in 2020, a decrease of P79.5 million or 445.52% from P17.9 million in 2019.

ABLE Operations

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

Site Count

In 2017, ABLE through its subsidiaries, acquired six (6) sites to expand its bingo operations. Difference between the total consideration of P58 million and fair value of identifiable assets of P9.28 million resulted to a goodwill of P48.72 million.

While four (4) sites are permanently closed and one (1) site was temporarily closed in 2019, ABLE opened six (6) new sites around the country as part of its plan to expand the business.

ABLE permanently closed two (2) sites and one (1) site was temporarily closed in 2018.

As of 31 December 2020, ABLE has a total of 109 operating sites, with no newly-opened sites within the year, while there were four (4) permanently closed sites and forty-two (42) temporarily closed sites.

Revenues

ABLE and its subsidiaries generated total revenues of P2,279.2 million in 2020, a decline of P5,571.4 million from the P7,850.6 revenues for the same period last year. The revenue decline was mainly attributable to the temporary closure of all sites starting mid of March to May of 2020. Whilst operations were re-opened again for some sites in June 2020, some remained closed due to stricter community restrictions in some places particularly in the National Capital Region.

E-Bingo has become ABLE's principal product line as its contribution has been increasing faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. In 2020, E-Bingo sales represented 76.59% or P1,745.7 million out of ABLE's total revenues. As of 31 December 2020, there were a total of 10,748 E-Bingo machines in 151 bingo parlors as compared to 10,978 E-Bingo machines in 153 bingo parlors as of 31 December 2019.

Revenues from Traditional Bingo decreased by P1,792.4 million or 80.88% to P423.8 million in 2020 from P2,216.2 million in 2019. Traditional bingo operations remains closed since mid-March, in accordance with government rulings on social distancing.

In 2020, sales from Rapid bingo contributed P85.9 million or 3.77% of total revenues, behind by P198.3 million from last year's P284.2 million or 3.62% of total revenues. By end of 2020, a total of 156 Rapid Bingo terminals were installed in 149 bingo parlors.

Revenues from Pull-tabs amounted to P6.8 million, which decreased by P12.2 million from P19.0 million in 2020.

Cost and Expenses

In an effort to mitigate the losses from the foregone revenue during the pandemic, several cost reductions and cost savings measures were implemented which resulted to a decrease in ABLE's consolidated costs and operating expenses amounting to P2,889.6 million in 2020 decreased by P4,792.2 million from P7,681.8 million in 2019. The PAGCOR mandated change in tax regime from the 30% corporate income tax to the 5% franchise tax and passing of prize tax to the operator. Cost and expenses also includes the impairment of non-recoverable input vat amounting to P26.2 million due to the same reason above.

ABLE has already applied for a tax ruling for its VAT exempt status with the BIR. Once obtained, it will contribute at least P28.0 million to the bottom line as well as cash flow annually.

Net Income

ABLE posted consolidated net loss (net of minority share and dividend income) amounting to P681.6 million, which decreased in the amount of P727.6 million from last year's net income of P46.0 million.

TGXI Operations

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

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

Site Count

In 2018, TGXI opened two (2) additional sites and closed five (5) sites arriving to a total of thirty six (36) sites. There were no changes in the number of sites as of 2020.

Revenues

TGXI generated revenues amounting to P124.9 million in 2020 representing its share in revenues from the management and operation of the PAGCOR E-games Stations (PeGS). This was lower by P186.7 million or 59.92% than the recorded revenues in 2019 amounting to P311.6 million.

Cost and Operating expenses

Total cost and operating expenses decreased by P122.3 million or 42.78% from P285.8 million in 2019 to P163.6 million in 2020. TGXI recorded an overall savings from its operating expenses which are mainly from (1) rent concessions (2) reduction in manpower expenses and (3) savings from marketing expenses among others.

Net Income

TGXI posted a decrease of P52.8 million in its net loss of P41.7 million in 2020 from net income of P11.1 million in 2019.

ABLGI Operations

On 04 November 2016, Belle and PLAI ("Belle Group") signed a Termination agreement with Leisure and Resorts World Corporation and AB Leisure Global, Inc. ("LRWC Group"), which would enable the latter to realize its interests under its existing agreements with the Belle Group. Under the agreement, Belle Group will pay the LRWC Group a total of P5,090.0 million, withP1,018.0million paid upon signing and the balance at the end of March 2017. Until the finalization of the transaction, ABLGI will continue to share in the net lease income and gaming revenue of Belle Group.

The Termination agreement was finalized on 31 March 2017. ABLGI received P4,072.0 million, which comprised of: (1) payment for an outstanding loan of Belle Group to ABGLI amounting to P3,762.0 million, and (2) P310.0 million, of which P110.5 million was a collection of the advances made to Belle while the remaining P199.5 million was lodged under "Other Income" in the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income, representing assignment of rights in relation to the Advisory services rendered to the Philippine Consortium in favor of Belle. Effective 31 March 2017, ABLGI shall be deemed to have divested its economic interest in the City of Dreams-Manila Integrated Resort and Casino.

In 2017, ABLGI through its subsidiary acquired 23 hectares of and property in Boracay for its future project.

In 2017, Management decided to change its accounting policy to recognize its investment properties at their appraised (FV) amounts to properly reflect its true value. Gain (net of tax) from the revaluation of its building (Binondo Suites) amounted to P4.7 million in 2017. In 2018, ABLGI recognized a gain (net of tax) from the revaluation of its building and Boracay land amounting to P1,304.5 million.

In 2018, ABGLI entered into a consultancy agreement with a third party company to perform, among others, services related to project, and offshore development, gaming and other licenses. Revenue from consultancy amounted to P169.7 million.

In 2020, ABLGI registered net loss amounting to P3.5 million, a decrease of P1,366.8 million or 100.26% from last year's P1,363.3 million net income, mainly due to last year's recognition of extraordinary income which is the increase in the valuation of properties in Aklan. Losses are mitigated due to the reduction in the loan interest rates.

LRLDI Operations

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

LRLDI is also committed in supporting the development of Cagayan Special Economic Zone and Free Port (CSEZFP). In executing an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), LRLDI has established its support by investing funds into the Lal-Lo Airport Project, Cagayan Economic Zone and Freeport (CEZFP) International Airport Project, and other facilities within the CSEZFP. These projects aim to improve and further advance CSEZFP into a self-sustaining industrial zone.

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

Retrospective 2014, Management reclassified portion of the advances to CLPDC to investment properties (land) which the Company has legal title and ownership amounting to P6.4 million. In 2017, Management decided to change its accounting policy to recognize its investment properties at their appraised (FV) amounts to properly reflect its true value. Gain (net of tax) from the revaluation of its land properties and Cyberpark building amounted to P140.6 million and P174.7 million in 2018 and 2017, respectively.

In 2020, LRLDI registered a net income of P62.7 million, an increase of P956.6 million from the net loss of P893.9 million in 2019. The loss in 2019, is primarily due to the taxes and losses incurred from the sale of TechZone shares whilst the gain in 2020 is due to the increase in valuation of the property in Cagayan.

Consolidated Financial Condition

The total consolidated assets of LRWC and subsidiaries as of 31 December 2020 of P18,684.1 million decreased by P2,746.9 million or 12.82% from P21,431.0 million as of 31 December 2019 mainly due to impairment in accounts receivables and goodwill, sale of transportation equipment.

The following are the significant changes in the liabilities of LRWC and subsidiaries: (1) decrease in Trade and other payables of P112.7 million attributable to lower outstanding payable to suppliers; (2) increase in Loans payable of P240.9 million due to several loan restructuring, and (2) increase in deferred tax liabilities of P81.3 million arising from the unrealized gain on revaluation of investment properties.

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.

Key Performance Indicators

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

Key Performance Indicator	Formula	2020	2019
Current Ratio	Current Assets / Current Liabilities	50.9%	123.0%
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	83.9%	63.5%
Asset to Equity Ratio	Total Assets / Stockholders' Equity	183.9%	163.5%
Payout Turnover	Traditional Bingo Revenues / Payout	1.27 times	1.37 times
Return on Average Equity	Net Income* / Average Stockholders' Equity	(11.5%)	1.0%
Return on Average Assets	Net Income* / Average Total Assets	(6.7%)	0.5%
Solvency Ratio	Net Income* + Depreciation* / Total Liabilities	(9.6%)	9.1%
Interest Coverage Ratio	Income Before Interest & Tax* / Interest Expense	(3.0)	2.8
Net Book Value Per Share	Stockholders' Equity / Weighted Average Shares Outstanding	4.2	6.5
Basic Earnings (Loss) Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	(0.5370)	(0.0668)

2019 vs. 2018

LRWC Operations

LRWC is functioning as a holding company with minimal operations. LRWC is focusing its endeavor in supporting the productivity programs of its subsidiaries as grouped in the following segments: **CASINO** (1) Prime Investment Korea, Inc. (PIKI - 100% owned), (2) Blue Chip Gaming and Leisure Corporation (BCGLC - 100% owned),(3) Gold Coast Leisure World Corp. (GCLWC - 100% owned) (4) Hotel Enterprises of the Philippines, Inc. (HEPI 51% owned, joint venture); **ONLINE** (5) First Cagayan Leisure and Resort Corporation (FCLRC - 69.68% owned), (6) LR Data Center and Solutions, Inc. (LRDCSI - 80% owned), (7) First Cagayan Converge Data Center Inc. (FCCDCI - 57.8%); **RETAIL** (8) AB Leisure Exponent, Inc. (ABLE - 100% owned), (9) Total Gamezone Xtreme, Inc. (TGXI - 100% owned); and **PROPERTY** (10) AB Leisure Global, Inc. (ABLGI - 100% owned), (11) LR Land Developers, Inc. (LRLDI - 100% owned).

Based on PFRS 3, Business Combination, LRWC has not amortized the goodwill on its investments in its subsidiaries. Instead, PFRS 3 requires for an annual test for goodwill impairment. On the basis of the test for impairment of goodwill, there is no need to provide for allowance for impairment in 2019.

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

LRWC's aim is to enable shared services functions that will provide consistent managerial and administrative services to all of its subsidiaries including marketing programs and continuous organizational changes.

The total operating expenses of LRWC amounted to P492.2 million in 2019, a decrease of P106.6 million from last year's P385.6 million.

LRWC recorded its 51% share in the net results of Hotel Enterprises of the Philippines, Inc. (HEPI) beginning the third quarter of 2013. In 2019, LRWC's share in HEPI's net income amounted to P149.0 million or an increase of P34.1 million or 29.67% as compared to last year's share in net income of P114.9 million.

Consolidated Result of Operations

LRWC posted a consolidated total comprehensive income (after minority interest) of P60.4 million in 2019 as compared to P500.9 million in 2018. The significant decrease in net income was mainly attributable to the loss on sale of an investment which amounted to P741.5 million loss. However, revenues continue to grow from P9,913.8 million in 2018 to P10,614.1 million due to higher revenues from the Retail Group, despite the decline in revenues from Casino Group.

PIKI Operations

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

In 2019, PIKI's net loss amounted to P59.4 million, decrease of P72.3 million or 560.5% from 2018's net income of P12.9 million. The decrease was due to lower turnover and win rate numbers leading to a significant decrease in revenue of P205.9 million or 23.0% from
P895.7 million in 2018 to P689.8 million in 2019.

BCGLC Operations

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

On 24 July 2015, BCGLC incorporated a subsidiary, GCLWC with authorized capital stock of Fifteen Million Pesos (P15,000,000.00) divided into One Hundred Fifty Thousand shares (150,000) with par value of P100.0, of which Three Million Seven Hundred Fifty Thousand Pesos (P3,750,000.00) has been subscribed. GCLWC was incorporated to comply with Section 18, Chapter III of the Implementing Rules and Regulations of Republic Act (R.A.) No. 7227. GCLWC obtained its Certificate of Registration from the Subic Bay Metropolitan Authority on 2 August 2016.

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

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

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

On March 16, 2018, BCGLC entered into a Lease and Technical Assistance Agreement with Entertainment Gaming Philippines, Inc. (EGP) for the lease of slot machines. By virtue of the Agreement, BCGLC shall be paid an amount equivalent to 16% of the Monthly Net Wins derived from the operations of the leased machines.

On January 19, 2019, BCGLC entered into an Asset Purchase Agreement with EGP for the sale of two (2) PAGCOR VIP Clubs at San Pedro Town Center, Laguna and Universal Park Mall, Sta. Cruz, Manila.

BCGLC and GCLWC's combined revenues for the year ended 31 December 2019 amounted to P635.5 million, a growth of P100.2 million or 18.72% from P535.3 million in 2018. Turnover increased from P24.3 billion in 2018 to P33.1 billion in 2019. This was due to the Company's extensive marketing efforts as reflected in this year's increase in operating expenses by P32.0 million or 8.88%. Due to these developments, net income for the year amounted to P158.8 million, an increase of P48.1 million or 43.45% from last year's net income of P110.7 million.

FCLRC Operations

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

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

FCLRC's revenues amounted to P499.2 million in 2019, representing an increase of
P72.6 million or P17.0% from last year's revenues of P426.6 million. The increase was mainly due to the strong performance of one of its locators which represents the majority of FCLRC's revenue despite the fact that the number of operating licensees decreased from 16 in 2018 to 9 in 2019. Hosting fees amounted to P366.9 million in 2019 an increased by P34.1 million or 10.3% from prior year while license application fees amounted to P67.1 million, an increase by P4.8 million or 7.0% from last year.

FCLRC's cost and OPEX amounted to P376.1 million, likewise increased by P11.9 million or 3.3% from last year.

FCCDCI/LRDCSI Operations

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

FCCDCI commenced its commercial operations on 01 January 2008, thus, since then until 31 December 2016, FCLRC's statement of income includes 60% equity in net earnings from FCCDCI.

On 01 January 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI with a par and issue value of P1 for a total consideration of P16.4 million to LRDCSI.

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

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

LRDCSI owns 20% of the outstanding capital stock of FCCDCI effective 01 January 2017.

LRDCSI started its commercial operations in the last quarter of 2017.

In order to compete with the local telecom companies, the LRDCSI Group initiated several price adjustments and bundling of additional services and products into the package (DDOS, upgrades/additional circuits) in 2018. The Group likewise secured redundant lines in anticipation for various capacities that did not consummate in 2018. This resulted to a slightly lower revenues, but higher direct costs in 2018 despite increase in volume.

Total revenue decreased by P37.5 million from P658.9 million in 2018 to P621.4 million in 2019 while total direct costs and operating expenses also decreased by P51.0 million from P625.0 million in 2018 to P574.0 million in 2019. The LRDCSI Group has initiated measures to manage these costs by terminating redundant lines.

Total consolidated net income of FCCDCI and LRDCSI amounted to P17.9 million, net of minority and equity share in 2019, an increase of P5.0 million or 38.76% from P12.9 million in 2018.

ABLE Operations

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

Site Count

In 2017, ABLE through its subsidiaries, acquired six (6) sites to expand its bingo operations. Difference between the total consideration of P58 million and fair value of identifiable assets of P9.28 million resulted to a goodwill of P48.72 million.

While four (4) sites are permanently closed and one (1) site was temporarily closed in 2019, ABLE opened six (6) new sites around the country as part of its plan to expand the business.

ABLE permanently closed two (2) sites and one (1) site was temporarily closed in 2018.

As of 31 December 2019, ABLE has a total of 152 operating sites, with six (6) newly-opened sites within the year, while there were also three (3) permanently closed sites and two (2) temporarily closed sites within the year.

Revenues

ABLE and its subsidiaries generated total revenues of P 7,850.6 million in 2019, a significant growth of P739.1 million from the P7,111.5 revenues for the same period last year. The revenue growth was mainly attributable to the exceptional performance of E-bingo sites during the year.

E-Bingo has become ABLE's principal product line as its contribution has been increasing faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game.

In 2019, E-Bingo sales represented 67.37% or P5,289.2 million out of ABLE's total revenues. As of 31 December 2019, there were a total of 10,978 E-Bingo machines in 153 bingo parlors as compared to 10,536 E-Bingo machines in 150 bingo parlors as of 31 December 2018.

Revenues from Traditional Bingo increased by P110.1 million or 5.23% to P2,216.2 million in 2019 from P2,106.1 million in 2018.

In 2019, sales from Rapid bingo contributed P284.2 million or 3.62% of total revenues, exceeding last year's P230.4 million or 3.40% of total revenues. By end of 2019, a total of 156 Rapid Bingo terminals were installed in 149 bingo parlors, while there were 155 Rapid Bingo terminals in 148 bingo parlors as of December 31, 2018.

Revenues from Pull-tabs amounted to P19.0 million, which decreased slightly by P1.1 million from P20.1 million in 2018.

Cost and Expenses

ABLE's consolidated costs and operating expenses amounting to P7,681.8 million in 2019 increased by P659.8 million from P7,022.0 million in 2018. The PAGCOR mandated change in tax regime from the 30% corporate income tax to the 5% franchise tax and passing of prize tax to the operator significantly increased ABLE's direct cost by P608.7 million.
Cost and expenses also includes the impairment of non-recoverable input vat amounting to P87.0 million due to the same reason above.

ABLE has already applied for a tax ruling for its VAT exempt status with the BIR. Once obtained, it will contribute at least P87.0 million to the bottom line as well as cash flow annually.

Net Income

ABLE posted consolidated net income (net of minority share and dividend income) amounting to P46.0 million, which decreased in the amount of P20.2 million from last year's P66.2 million. If not for the non-cash impairment of input VAT, ABLE would have posted a net income of P133.0 million in 2019.

TGXI Operations

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

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

Site Count

In 2018, TGXI opened two (2) additional sites and closed five (5) sites arriving to a total of thirty six (36) sites. There were no changes in the number of sites as of 2019.

Revenues

TGXI generated revenues amounting to P311.6 million in 2019 representing its share in revenues from the management and operation of the PAGCOR E-games Stations (PeGS). This was higher by P20.0 million or 6.86% than the recorded revenues in 2018 amounting to P291.6 million, notwithstanding a lower recorded turnover of P20.8 billion in 2019 as compared to P23.5 billion in 2018.

Cost and Operating expenses

Total cost and operating expenses decreased slightly by P9.00 million or 3.05% from P294.8 million in 2018 to P285.80 million in 2019. Although TGXI recorded an overall savings from its operating expenses, this was reduced by: (2) higher people expenses particularly in contracted services by P6.4 million due to DOLE imposed salary-rate adjustments; and (3) impairment of non-recoverable input tax amounting to P10.8 million.

TGXI will apply for a tax ruling for its vat-exempt status with the BIR. Once obtained, it will save TGXI at least P10.8 million of expense and cash outflow annually.

Net Income

TGXI posted a slight increase of P3.4 million in its net income of P11.1 million in 2019 from P7.7 million in 2018 due to better revenue performance resulting from extensive marketing efforts and spending. TGXI would have registered at least P22.0 million net income if not for the non-cash impairment of input vat.

ABLGI Operations

On 04 November 2016, Belle and PLAI ("Belle Group") signed a Termination agreement with Leisure and Resorts World Corporation and AB Leisure Global, Inc. ("LRWC Group"), which would enable the latter to realize its interests under its existing agreements with the Belle Group. Under the agreement, Belle Group will pay the LRWC Group a total of P5,090.0 million, withP1,018.0million paid upon signing and the balance at the end of March 2017. Until the finalization of the transaction, ABLGI will continue to share in the net lease income and gaming revenue of Belle Group.

The Termination agreement was finalized on 31 March 2017. ABLGI received P4,072.0 million, which comprised of:(1) payment for an outstanding loan of Belle Group to ABGLI amounting to P3,762.0 million, and (2) P310.0 million, of which P110.5 million was a collection of the advances made to Belle while the remaining P199.5 million was lodged under "Other Income" in the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income, representing assignment of rights in relation to the Advisory services rendered to the Philippine Consortium in favor of Belle. Effective 31 March 2017, ABLGI shall be deemed to have divested its economic interest in the City of Dreams-Manila Integrated Resort and Casino.

In 2017, ABLGI through its subsidiary acquired 23 hectares of and property in Boracay for its future project.

In 2017, Management decided to change its accounting policy to recognize its investment properties at their appraised (FV) amounts to properly reflect its true value. Gain (net of tax) from the revaluation of its building (Binondo Suites) amounted to P4.7 million in 2017. In 2018, ABLGI recognized a gain (net of tax) from the revaluation of its building and Boracay land amounting to P1,304.5 million.

In 2018, ABGLI entered into a consultancy agreement with a third party company to perform, among others, services related to project, and offshore development, gaming and other licenses. Revenue from consultancy amounted to P169.7 million.

In 2019, ABLGI registered net income amounting to P1,363.3 million, an increase of P782.6 million or 134.77% from last year's P580.7 million, mainly due to the increase in the valuation of properties in Aklan.

LRLDI Operations

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

LRLDI is also committed in supporting the development of Cagayan Special Economic Zone and Free Port (CSEZFP). In executing an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), LRLDI has established its support by investing funds into the Lal-Lo Airport Project, Cagayan Economic Zone and Freeport (CEZFP) International Airport Project, and other facilities within the CSEZFP. These projects aim to improve and further advance CSEZFP into a self-sustaining industrial zone.

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Retrospective 2014, Management reclassified portion of the advances to CLPDC to investment properties (land) which the Company has legal title and ownership amounting to P6.4 million. In 2017, Management decided to change its accounting policy to recognize its investment properties at their appraised (FV) amounts to properly reflect its true value. Gain (net of tax) from the revaluation of its land properties and Cyberpark building amounted to P140.6 million and P174.7 million in 2018 and 2017, respectively.

In 2019, LRLDI registered a net loss of P893.9 million, an increase of P762.9 million from 2018's net loss of P131.0 million. This is primarily due to the taxes and losses incurred from the sale of TechZone shares.

Consolidated Financial Condition

The total consolidated assets of LRWC and subsidiaries as of 31 December 2019 of P20,895.2 million increased by P2,847.1 million or 15.8% from P18,048.1 million as of
31 December 2018 mainly due to increase in accounts receivables, revaluation of investment properties, increase in rental deposits and cash performance bonds.

The following are the significant changes in the liabilities of LRWC and subsidiaries: (1) increase in Trade and other payables of P52.6 million attributable to higher outstanding payable to suppliers; (2) decrease in Loans payable of P2,161.8 million due to the loan repayment, and (3) increase in deferred tax liabilities of P734.6 million arising from the unrealized gain on revaluation of investment properties.

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

Key Performance Indicator	Formula	2019	2018
Current Ratio	Current Assets / Current Liabilities	119.3%	38.4%
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	63.5%	98.3%
Asset to Equity Ratio	Total Assets / Stockholders' Equity	163.5%	198.3%
Payout Turnover	Traditional Bingo Revenues / Payout	1.27 times	1.47 times
Return on Average Equity	Net Income* / Average Stockholders' Equity	1.0%	4.6%
Return on Average Assets	Net Income* / Average Total Assets	0.5%	2.4%

Solvency Ratio	Net Income* + Depreciation* / Total Liabilities	9.1%	9.9%
Interest Coverage Ratio	Income Before Interest & Tax* / Interest Expense	2.8	3.3
Net Book Value Per Share	Stockholders' Equity / Weighted Average Shares Outstanding	6.5	7.6
Basic Earnings (Loss) Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	(0.0668)	0.3441

Plans for 2021

RETAIL

In 2020, the Retail Group continued to elevate its standards, constantly adapting to the changing business atmosphere brought by the pandemic while prioritizing the health and safety of our people. Our teams have showed great resilience and adaptability as the crisis prolonged and heavily impacted our retail operations. In particular, our branches experienced closures following quarantine declarations and government-mandated lockdowns. However, our good relations with our suppliers and leasing partners paved the way for the essence of "Bayanihan to Heal as One" to prevail as we were able to negotiate waivers and favorable concessions. We also implemented other cost optimization strategies. Aside from these fire-fighting steps, we also have an ultimate goal of securing a sustainable future for our business and continue to deliver value to all our stakeholders, hence, the need to innovate and adapt to the changing consumer and business landscape.

For 2021, we will remain headstrong towards embracing change and setting the business on a path of growth and innovation. Our ambition is to pivot our business and gain new revenue streams via digital transformation (e.g., online games). At the same time, we shall continue to achieve operational efficiencies by streamlining processes as well as reskilling our human capital to ensure an agile and dynamic workforce. It is also our commitment to reduce our debts through restructuring, as well as optimize our costs at branch level, including negotiating for rent concessions. We shall continue to improve our relations with our vendors, so that we can rally for their support of our growth and innovation plans. We also expect COVID-19 restrictions to ease in the 2nd half of the year, thus, we also project an increase in GGR alongside the increase in operational sites. We plan to leverage on this by extending operating hours in strategic sites and re-igniting customer relations.

We shall continue to support our employees, customers, suppliers and communities while shifting our focus towards innovation, profit maximization and cost mitigation measures in our operations. Hopefully, when the time is right, we may then re-visit our expansion plans which were previously in the pipeline prior to COVID-19.

CASINO

Product Improvement
Product improvement is the process of making meaningful product changes that result in new customers or increased benefits realized by existing customers. BCGLC will replace the existing old model of EGM and ETG to the latest models available.

At the same time, BCGLC will also replace the non-performing EGM such with those games that have proven its performance in major casinos in the Philippines in order to maximize the gaming revenue.

Marketing and Promotion
BCGLC marketing plan in 2021 will be based on the following: (1) Product - increase the game mix; (2) Price - various denomination games installed in each club to attract all level of players; and (3) Promotion - intense marketing activities will be held on a weekly, monthly and quarterly basis.

Club Enhancement
Transform the traditional PAGCOR VIP Club to a boutique style casino which allow customers to enjoy their playing time in a quiet and cozy gaming room.

ONLINE/PROPERTY

Following the clarification of the government's position regarding the licensing and regulation of entities involved in online gaming operations and ancillary support services through the issuance of Executive Order 13 in February 2017, FCLRC initiated efforts to put in place the critical elements that are necessary for the CSEZFP to regain its historical status of being the premier online gaming jurisdiction in Asia. Specifically, FCLRC has identified and taken steps to address the following:

Accessibility

FCLRC has determined that the main gateway to the CSEZFP will be through the Cagayan North International Airport (CNIA) located in the municipality of Lal-lo, approximately 80 kilometers southwest of FCLRC's business operations in Santa Ana. LRWC, through its wholly-owned subsidiary LR Land, funded over 50% of the development cost of CNIA through advances to airport owner and operator Cagayan Premium and may convert such advances into majority equity in the airport owner in the future. CEZA provided the other 50% funding for CNIA.

In 2018, a chartered airline servicing one of the locators in Santa Ana successfully launched its maiden flight between Macau and Lal-lo. The chartered airline now flies two round trips a week from Lal-lo to Macau. Also, in 2018, consultants were engaged to assist Cagayan Premium to obtain the authorization from the CAAP for CNIA to operate as a commercial airport. It is expected that with the appointment of trained airport personnel, planned upgrade of the passenger terminal, procurement of ground handling equipment and installation of navigational systems by the 4th quarter of 2020, CNIA will finally be able to operate as a fully-functional commercial airport.

Master-planned Business Park

Initially focusing on its leased 10-hectare property in Santa Ana (Cyberpark) for development, FCLRC is expanding its plans to cover a significantly larger area beyond Cyberpark. In doing so, FCLRC can properly envision and execute a master-planned development that incorporates office, residential and retail commercial buildings as well as recreational areas into a self-contained community catering to online gaming and financial technology companies. FCLRC expects actual master-planning work to commence late in the second quarter or early in the third quarter of 2020. Horizontal land development preparatory work should begin shortly after.

Licenses

To provide the appropriate regulatory environment to its infrastructural development plans, FCLRC successfully renewed its master licensor from CEZA in 2017. In addition, FCLRC was also awarded by CEZA the first land-based casino license in CSEZFP in late 2018. For 2020, FCLRC is angling to obtain a principal financial technology license and explore opportunities involving blockchain technology and cryptocurrency.

LRDCSI, has built a robust data network infrastructure in Cagayan that is connected to its Metro Manila facilities. Together, both the Cagayan and Metro Manila nodes offer world-class internet connectivity that is essential to online gaming operators. These nodes are, in turn, connected to LR Data nodes located in other countries in the Asia Pacific region. For 2018, additional capital expenditures are programmed to further improve the quality of this data network infrastructure and a new Tier One data center will be on the drawing board. For 2021, additional capital expenditures are programmed to improve facilities in both Cagayan and Manila as follows:

In Cagayan:

1. Initiate the plan including timelines and BOM for a redundancy path for the underground fiber facilities to further improve the stability and uptime of network facilities in the zone. Project implementation will be dependent on management direction and approval.

2. Expand the fiber network in preparation for new CEZA enterprise locators as well as the planned developments of LRLDI and FCLRC.
3. Maximize use of existing fiber optic network to cater to retail markets within the zone.
4. As planned in 2018, LRDCSI will move forward on the new data center facility in the zone and come up with the terms-of-reference for a purpose-built Tier-3 modular data center.

In Manila:

1. Complete the procurement of network equipment to enable end-to-end MPLS services further improving network service performance.
2. Maximize existing Cloud infrastructure to cater to more enterprise and non-gaming customers in Manila.
3. Extend the LRDATA cloud services to Taiwan thru the existing LRDATA Taiwan node to cater to growing gaming BPO operations in the country.
4. Explore other VAS opportunities that may be offered not just to gaming customers but also to other enterprise customers.

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

	For the three months ended March 31			
	2021	2020	Change	% Change
CASINO				
Income from junket operations	₱-	₱358,977,675	(₱358,977,675)	-100.0%
Casino gaming revenues	171,235,994	429,970,419	(258,734,425)	-60.2%
	171,235,994	788,948,094	(617,712,100)	-78.3%
ONLINE				
Service and hosting fees	87,779,935	79,817,122	7,962,813	10.0%
Bandwidth and co-location	86,394,800	135,687,472	(49,292,672)	-36.3%
	174,174,735	215,504,594	(41,329,859)	-19.2%
RETAIL				
Electronic bingo	809,689,581	1,373,489,222	(563,799,641)	-41.0%
Electronic games	124,326,031	198,824,404	(74,498,373)	-37.5%
Rapid bingo	41,743,660	60,685,560	(18,941,900)	-31.2%
Pull tabs	2,740,520	4,430,540	(1,690,020)	-38.1%
Traditional bingo	-	423,795,592	(423,795,592)	-100.0%
	978,499,792	2,061,225,318	(1,082,725,526)	-52.5%
PROPERTY				
Rent income	9,181,298	5,621,304	3,559,994	63.3%
Total gross gaming revenues	1,333,091,819	3,071,299,310	(1,738,207,491)	-56.6%
Franchise fees and taxes	488,074,141	929,832,837	(441,758,696)	-47.5%
Partner's share	188,607,720	640,816,257	(452,208,537)	-70.6%
Vendor share	173,527,776	287,264,796	(113,737,020)	-39.6%
Payout	47,335,400	344,086,858	(296,751,458)	-86.2%
Costs of bandwidth and co-location	46,127,485	120,129,038	(74,001,553)	-61.6%
Other direct costs	9,056,136	6,918,556	2,137,580	30.9%
Total direct costs	952,728,658	2,329,048,342	(1,376,319,684)	-59.1%
Gross profit	₱380,363,161	₱742,250,968	(₱361,887,807)	-48.8%

The Annual Audited Consolidated Financial Statements for 2020 and the Interim Consolidated Financial Statements for the first quarter of 2021 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 Seven Million Nine Hundred Thousand Pesos (P7,900,000) for the fiscal year 2020 and Seven Million Eight Hundred Thousand Pesos (P7,800,000) for the fiscal year 2019. 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

There were no changes or disagreements with the Company's external auditors, SyCip Gorres Velayo & Co. (SGV & Co.) on accounting and financial statement disclosures.

On the annual stockholders' meeting held on 28 August 2020, SGV & Co., was re-appointed as the external auditors, with Ms. Maria Pilar B. Hernandez as the partner-in-charge for the audit of the Company's financial statements as at and for the period ending 31 December 2020.

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

Corporate Governance

(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 New Manual on Corporate Governance. All directors, officers and employees complied with all the leading practices and principles on good corporate governance embodied in this New Manual.

(b) There are measures being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance as embodied in its New Manual on Corporate Governance which was submitted to SEC on 29 May 2017.

(c) There is no significant undisclosed deviation from the Company's New Manual on Corporate Governance.

(d) The current New Manual on Corporate Governance is addressing critical areas affecting the Company's operations. In as much as the Company's business presently primarily pertains to the operations of its wholly and majority-owned subsidiaries, the Company deems that the management of these subsidiaries is the more critical area of concern for the Company. In view of the same, in addition to the Anti-Fraud Procedures adopted by all subsidiaries, the Company's Audit Committee conducts regular meetings with the Internal Audit to discuss any significant findings and deviations from the established procedures. No such significant finding and deviations have been reported so far.

(e) The Corporation is in the process of implementing a Board Performance Assessment with the following Criteria and Process of evaluation:

The assessment criteria include the structure, efficiency, and effectiveness of the Board, participation and engagement of each member of the Board, contribution of each member director to their respective Committees, and the performance of management. The criteria also reflects the specific duties, responsibilities and accountabilities of each party assessed as provided in the Company's By-Laws, Manual on Corporate Governance, Board Committee Charters and governing policies.

The following rating system shall be used by the directors in accomplishing the self-rating form:

SA – Strongly Agree
A - Agree
N - Neither Agree nor Disagree
D - Disagree
SD - Strongly Disagree

The form also allows the director to provide comments and suggestions to further enrich the assessment process. For further clarification on this policy and the performance assessment exercise, the Board may address their queries to the Compliance Officer.

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. CAROL V. PADILLA
Corporate Secretary

Proxy Form
Individual Stockholder

26th Floor, West Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City, 1605 Philippines

The undersigned stockholder of **LEISURE & RESORTS WORLD CORPORATION** (the "Company") hereby appoints ______________ or, in his absence, the Chairman of the meeting, as *attorney-in-fact* and *proxy*, with power of substitution, to represent and vote all shares registered in the name of undersigned stockholder, at the Annual Stockholders' Meeting of the Company on July 30, 2021 at 2:00 p.m. via Zoom Teleconference, and at any adjournments thereof.

The above-named proxy is to vote as follows:

1. Approval of minutes of previous stockholders' meeting held last August 28, 2020

   ☐ Yes ☐ No ☐ Abstain

2. Approval of the 2020 Annual Report and Financial Statements

   ☐ Yes ☐ No ☐ Abstain

3. Appointment of the Company's External Auditor for 2021

   ☐ Yes ☐ No ☐ Abstain

4. Election of Directors

   Vote my shares as follows (Please check one):

   ☐ Equally to all eleven (11) nominees for directors;

   ☐ Abstain for all eleven (11) nominees for directors;

   ☐ Distribute or cumulate my shares to the nominee/s, as follows: *(Indicate the number of shares to be voted for each nominee)*

NAME OF NOMINEE	YES	ABSTAIN
Eusebio H. Tanco		
Ngam Bun Cheung		
Alfredo Abelardo B. Benitez		
Paolo Martin O. Bautista		
Willy N. Ocier		
Winston Chan *(Independent Director)*		
Lawrence Cobankiat *(Independent Director)*		
Renato G. Nuñez		
Max Aaron Wong		
Restituto O. Bundoc		
Atty. Mardomeo Raymundo Jr.		
TOTAL		

**Total votes cast should not exceed the number of shares in your name multiplied by the number of board seats (11).*

5. Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers, and Management from 2020 up to July 30, 2021

   ☐ Yes ☐ No ☐ Abstain

6. Any issue/question that may arise related to any item in the Agenda of the meeting

   ☐ Yes ☐ No ☐ Abstain

____

PRINTED NAME AND SIGNATURE OF STOCKHOLDER**

____

DATE

No. of Shares Held (LRWC)	Tel No./Mobile Phone No. of Stockholder

**If a representative will sign on behalf of the stockholder, this proxy must be submitted together with a duly executed Special or General Power of Attorney showing the authority of the representative to sign on behalf of the individual stockholder.

This proxy must be received by the Office of the Corporate Secretary on or before 12:00 P.M. on July 23, 2021 through email at <u>investorrelations@lrwc.com.ph</u> **and hard copies at the 26th Floor, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, 1605 Philippines.**

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by management or the Board of Directors.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

Notarization of this proxy is not required.

Proxy Form
Corporate Stockholder

LRWC
LEISURE & RESORTS WORLD CORPORATION

26th Floor, West Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City, 1605 Philippines

The undersigned stockholder of **LEISURE & RESORTS WORLD CORPORATION** (the "Company") hereby appoints ________________ or, in his absence, the Chairman of the meeting, as *attorney-in-fact* and *proxy*, with power of substitution, to represent and vote all shares registered in the name of undersigned stockholder, at the Annual Stockholders' Meeting of the Company on July 30, 2021 at 2:00 p.m. via Zoom Teleconference, and at any adjournments thereof.

The above-named proxy is to vote as follows:

1. Approval of minutes of previous stockholders' meeting held last August 28, 2020

   ☐ Yes ☐ No ☐ Abstain

2. Approval of the 2020 Annual Report and Financial Statements

   ☐ Yes ☐ No ☐ Abstain

3. Appointment of the Company's External Auditor for 2021

   ☐ Yes ☐ No ☐ Abstain

4. Election of Directors

   Vote my shares as follows (Please check one):

   ☐ Equally to all eleven (11) nominees for directors;

   ☐ Abstain for all eleven (11) nominees for directors;

   ☐ Distribute or cumulate my shares to the nominee/s, as follows: *(Indicate the number of shares to be voted for each nominee)*

NAME OF NOMINEE	YES	ABSTAIN
Eusebio H. Tanco		
Ngam Bun Cheung		
Alfredo Abelardo B. Benitez		
Paolo Martin O. Bautista		
Willy N. Ocier		
Winston Chan *(Independent Director)*		
Lawrence Cobankiat *(Independent Director)*		
Renato G. Nuñez		
Max Aaron Wong		
Restituto O. Bundoc		
Atty. Mardomeo Raymundo Jr.		
TOTAL		

**Total votes cast should not exceed the number of shares in your name multiplied by the number of board seats (11).*

5. Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers, and Management from 2020 up to July 30, 2021

   ☐ Yes ☐ No ☐ Abstain

6. Any issue/question that may arise related to any item in the Agenda of the meeting

   ☐ Yes ☐ No ☐ Abstain

____
PRINTED NAME OF CORPORATE STOCKHOLDER

____
NAME AND SIGNATURE OF AUTHORIZED SIGNATORY OF CORPORATE STOCKHOLDER**

____
DATE

No. of Shares Held (LRWC)	Tel No./Mobile Phone No. of Stockholder

**This proxy must be submitted together with a duly executed Secretary's Certificate showing the authority of the representative to sign on behalf of the stockholder corporation.

This proxy must be received by the Office of the Corporate Secretary on or before 12:00 P.M. on July 23, 2021 through email at <u>investorrelations@lrwc.com.ph</u> **and hard copies at the 26th Floor, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, 1605 Philippines.**

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by management or the Board of Directors.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

Notarization of this proxy is not required.

Proxy Form
PCD Participant/ Broker

26th Floor, West Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City, 1605 Philippines

The undersigned stockholder of **LEISURE & RESORTS WORLD CORPORATION** (the "Company") indicated below, which is registered in the name of Philippine Central Depository Nominee Corporation (PCD Nominee), hereby appoints ________________________, as *sub - proxy*, or in his absence, the Chairman of the meeting, with power of substitution, to represent and vote all shares registered in the name of undersigned stockholder, at the Annual Stockholders' Meeting of the Company on July 30, 2021 at 2:00 p.m. via Zoom Teleconference, and at any adjournments thereof.

The above-named proxy is to vote as follows:

1. Approval of minutes of previous stockholders' meeting held last August 28, 2020

   ☐ Yes ☐ No ☐ Abstain

2. Approval of the 2020 Annual Report and Financial Statements

   ☐ Yes ☐ No ☐ Abstain

3. Appointment of the Company's External Auditor for 2021

   ☐ Yes ☐ No ☐ Abstain

4. Election of Directors

   Vote my shares as follows (Please check one):

   ☐ Equally to all eleven (11) nominees for directors;

   ☐ Abstain for all eleven (11) nominees for directors;

   ☐ Distribute or cumulate my shares to the nominee/s, as follows: *(Indicate the number of shares to be voted for each nominee)*

NAME OF NOMINEE	YES	ABSTAIN
Eusebio H. Tanco		
Ngam Bun Cheung		
Alfredo Abelardo B. Benitez		
Paolo Martin O. Bautista		
Willy N. Ocier		
Winston Chan *(Independent Director)*		
Lawrence Cobankiat *(Independent Director)*		
Renato G. Nuñez		
Max Aaron Wong		
Restituto O. Bundoc		
Atty. Mardomeo Raymundo Jr.		
TOTAL		

**Total votes cast should not exceed the number of shares in your name multiplied by the number of board seats (11).*

5. Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers, and Management from 2020 up to July 30, 2021

   ☐ Yes ☐ No ☐ Abstain

6. Any issue/question that may arise related to any item in the Agenda of the meeting

   ☐ Yes ☐ No ☐ Abstain

____
PRINTED NAME OF BROKER/PCD PARTICIPANT

____
NAME AND SIGNATURE OF AUTHORIZED SIGNATORY OF BROKER/PCD PARTICIPANT**

____
DATE

No. of Shares Held (LRWC)	Tel No./Mobile Phone No. of Stockholder

** This proxy must be submitted together with a duly executed Secretary's Certificate showing the authority of the representative to sign on behalf of the PCD Participant/Broker, as well as the duly accomplished proxy or certificate of shareholdings issued by the PDTC. Enclosed is a sample Secretary's Certificate for your reference.

This proxy must be received by the Office of the Corporate Secretary on or before 12:00 P.M. on July 30, 2021 through email at investorrelations@lrwc.com.ph and hard copies at the 26th Floor, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, 1605 Philippines.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by management or the Board of Directors.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

Notarization of this proxy is not required.

REPUBLIC OF THE PHILIPPINES)
) S.S.
PASIG CITY

CERTIFICATION

I, **CAROL V. PADILLA**, of legal age, Filipino and with office address at 26th Floor, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, after being duly sworn in accordance with law, depose and state that:

1. I am the duly appointed Corporate Secretary of **LEISURE & RESORTS WORLD CORPORATION** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at the 26th Floor, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

2. The incumbent members of the Board of Directors and officers of the Corporation are as follows:

Name	Position
Eusebio H. Tanco	Chairman
Ngam Bun Cheung	President
Alfredo Abelardo B. Benitez	Director
Paolo Martin O. Bautista	Director
Willy N. Ocier	Director
Restituto O. Bundoc	Director
Mardomeo N. Raymundo Jr.	Director
Renato G. Nuñez	Director
Max Aaron Wong	Director
Lawrence T. Cobankiat	Independent Director
Winston A. Chan	Independent Director
Kristine Margaret R. Delos Reyes	Compliance Officer
Carol V. Padilla	Corporate Secretary
Analen A. Hernandez	Assistant Corporate Secretary
Diana Jane B. Garbi	Treasurer

3. None of the foregoing directors and officers of the Corporation are currently employed by or otherwise connected in any capacity to the Philippine Government or any if its bureaus, agencies or instrumentalities.

Done this ____ day of JUN 2 5 2021 2021 at PASIG CITY City.

cpadilla
CAROL V. PADILLA
Corporate Secretary
PASIG CITY

SUBSCRIBED AND SWORN to before me this ____ day of JUN 2 5 2021 2021 at ________, affiant personally appeared before me and exhibited to me her Tax Identification No. 271-536-697.

Doc. No. 37;
Page No. 9;
Book No. 52;
Series of 2021.

ATTY. FERDINAND D. AYAHAO
Notary Public
Until December 31, 2021
Appointment No. 134 (2020-2021)
For Pasig City, Pateros and San Juan City
Roll No. 46377; MCLE VI-0025725; 04-02-19
IBP LRN 02459; UIR No. 53936; 06-21-2001
TIN 123-011-785; PTR 7004, 01-06-21, Pasig
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City Tel. +632-86314090

REPUBLIC OF THE PHILIPPINES)
) S.S.
PASIG CITY

C E R T I F I C A T I O N

I, **LAWRENCE T. COBANKIAT**, of legal age, Filipino and with office address at Suite 1208 Robinsons Equitable Tower, ADB Ave. cor. Poveda St., Ortigas Center, Pasig City, after being duly sworn in accordance with law, depose and state that:

1. I am a nominee for independent director of **LEISURE & RESORTS WORLD CORPORATION** and I have been its independent director for a period not exceeding nine (9) cumulative years from 26 July 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Jellco Enterprises, Inc.	President and CEO	26 years
Protech Global Solutions	President and CEO	10 years
GRP Mobile Solutions Inc.	Chairman	4 years
Fidelity Steel Manufacturing, Inc.	Director	33 years
Hi-Tech Steel Industries Corporation	Director	27 years
West End Property Inc.	President	8 years
GICA Grinding Wheel Corporation	Director	5 years
Arrow Plastic Industries Corporation	Director	5 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Leisure & Resorts World Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of Leisure & Resorts World Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not affiliated with any government agencies or government-owned and controlled corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Leisure & Resorts World Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this JUN 2 5 2021 day of 2021 at PASIG CITY City.

LAWRENCE T. COBANKIAT
Affiant

SUBSCRIBED AND SWORN to before me this JUN 2 5 2021 day of 2021 at PASIG CITY, affiant personally appeared before me and exhibited to me his Tax Identification No. 120-971-010.

Doc. No. 38;
Page No. 9;
Book No. 52;
Series of 2021.

ATTY. FERDINAND D. AYAHAO
Notary Public
Until December 31, 2021
Appointment No. 154 (2020-2021)
For Pasig City, Pateros and San Juan City
Roll No. 46377; MCLE VI-0025705; 04-02-19
IBP LRN 02459; O.R. No. 535306; 05-21-2001
TIN 123-011-785; PTR 7204689; 01-06-21, Pasig
Unit 5, West Tower P.S.E. Exchange Road
Ortigas Center, Pasig City Tel.+632-86314090

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

CERTIFICATION

I, **WINSTON A. CHAN**, of legal age, Filipino and with address at 235 Calatagan St., Ayala Alabang Village, Muntinlupa City, Metro Manila, after being duly sworn in accordance with law, depose and state that:

1. I am a nominee for independent director of **LEISURE & RESORTS WORLD CORPORATION** and I have been its independent director for a period not exceeding nine (9) cumulative years from 28 August 2020.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
San Miguel Food & Beverage, Inc.	Director	2 years
PT Delta Djakarta	Director	7 months
DataOne Philippines	Director	3 years
Kairos Business Process Solutions, Inc.	Director	3 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Leisure & Resorts World Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of Leisure & Resorts World Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not affiliated with any government agencies or government-owned and controlled corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Leisure & Resorts World Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this JUN 25 2021 day of ___ 2021 at PASIG CITY City.

WINSTON A. CHAN
Affiant

SUBSCRIBED AND SWORN to before me this JUN 25 2021 day of ___ 2021 at PASIG CITY, affiant personally appeared before me and exhibited to me his Tax Identification No. 102083827.

Doc. No. 36;
Page No. 9;
Book No. 52;
Series of 2021.

ATTY. FERDINAND D. AYAHAO
Notary Public
Until December 31, 2021
Appointment No. 184 (2020-2021)
For Pasig City, Pateros and San Juan City
Roll No. 46377; MCLE VI-[illegible], 04-02-19
IBP LRN 02459; O.R. No. [illegible], 06-21-2001
TIN 123-011-765; CTR [illegible], 01-05-21, Pasig
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City Tel.+632-86314090

Rank	Name	Holdings	Rank
1	PCD NOMINEE CORPORATION (FILIPINO)	1,465,377,814	60.62%
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	507,923,150	21.01%
3	ALFREDO ABELARDO B. BENITEZ	134,841,249	05.58%
4	GRANDSHARES INC.	120,000,000	04.96%
5	ZORAYMEE HOLDINGS, INC.	111,267,658	04.60%
6	DOMINIQUE L. BENITEZ	31,680,000	01.31%
7	AB LEISURE EXPONENT, INC.	21,567,000	00.89%
8	WILLY NG OCIER	2,125,200	00.09%
9	PAUL LUIS P. ALEJANDRINO	1,426,224	00.06%
10	JIANXI LI	1,026,000	00.04%
11	LIBERTY FARMS, INC	809,129	00.03%
12	PROVIDENT INSURANCE CORP.	591,023	00.02%
13	BRISOT ECONOMIC DEVELOPMENT CORP.	512,004	00.02%
14	VISAYAN SURETY & INSURANCE CORP.	486,294	00.02%
15	OLIVER V. AMORIN	311,220	00.01%
16	TAN KEG TIAM	279,618	00.01%
17	ALLEN CHAM	260,242	00.01%
18	JOHN GO KONGWEI JR	252,870	00.01%
19	DAVID GO SECURITIES CORP.	251,870	00.01%
20	BENJAMIN L. PAY	251,674	00.01%
21	JOSEPH D. ONG	204,252	00.01%
22	CASIMIRO C.OCAMPO &/OR IRENEA PEDRO	190,734	00.01%
23	REGINA ORDONEZ BENITEZ	187,116	00.01%
24	ORMOC ELECTRIC COMPANY INC.	182,358	00.01%
25	INTER-PORT COMMERCIAL CORP.	177,727	00.01%
26	RICARDO D MORALES	171,360	00.01%

Rank	Name	Holdings	Rank
27	MARY ANNE L. PAY	171,295	00.01%
28	JOSEPHINE C. CHAN	168,960	00.01%
29	JOENIE LIM HUNG	168,960	00.01%
30	PAZ V. SIOJO	159,667	00.01%
31	SIUTENG LAO	156,413	00.01%
32	HONORIO REYES-LAO	142,267	00.01%
33	ELISA C. SULIT	141,832	00.01%
34	MIGUEL V. GONZALEZ	139,387	00.01%
35	HENRY T. SY JR.	139,057	00.01%
36	SANTIAGO TANCHAN SR.	136,157	00.01%
37	LUALHATI COJUANGCO	131,778	00.01%
38	ELENA C. GO	126,720	00.01%
39	ONG YAN KING	121,572	00.01%
40	UN CHIONG (ALIAS DIWAY)	121,572	00.01%
41	PILAR S. DIZON	121,571	00.01%
42	RICARDO MARTINEZ &/OR HELEN A. MARTINEZ	120,312	00.00%
43	JUDY A. CO	119,624	00.00%
44	DOLORES S. ABOITIZ FOUNDATION, INC.	105,715	00.00%
45	CARIDAD PALTING REYES	103,372	00.00%
46	PEDRO CASTRO PALTING, JR.	103,370	00.00%
47	REGINA JAVELLANA	101,293	00.00%
48	JULIA TAN	97,252	00.00%
49	TAN MI	97,250	00.00%
50	CATALINO MACARAIG JR.	93,178	00.00%
51	ANTONIO S. TANJANGCO	91,915	00.00%
52	ALAN Y. LIM KHIAMTEK	91,559	00.00%

Rank	Name	Holdings	Rank
53	IVAN Y. LIM YE HIAN	91,559	00.00%
54	YVONNE Y. LIM BEE LING	91,559	00.00%
55	HANSON G. SO &/OR LARCY MARICHI Y. SO	88,704	00.00%
56	LIN PEI ZHI	84,480	00.00%
57	NIEVES L. HUNG	84,480	00.00%
58	JOSE GOTIANUY	82,319	00.00%
59	JERRY K. CHENG	80,256	00.00%
60	IBAA & EDUARDO J. ABOITIZ AS TRUSTEES FOR TRUST CR	77,833	00.00%
61	PUA YOK BING	76,800	00.00%
62	JUANITO RELLERA	75,983	00.00%
63	PACITA G. DEL ROSARIO	74,884	00.00%
64	DANIEL D. STARR	72,943	00.00%
65	CONSTANCIA LEYSON	72,937	00.00%
66	JAIME PEREZ	72,653	00.00%
67	HERMINIA MESINA	72,282	00.00%
68	GUILLERMO TANTUCO	70,987	00.00%
69	TAN SIOCK HWA	66,247	00.00%
70	ROBRINA L. GO	66,000	00.00%
71	CASSIE LAO	65,280	00.00%
72	HENRY ANTHONY BRIMO JR9	64,543	00.00%
73	ANTONIO &/OR ELENA &/OR MARY ANN YAP	64,121	00.00%
74	LUCIANA GO	60,782	00.00%
75	TIU LEE SUY	60,782	00.00%
76	VICENTE LOZADA JR.	60,781	00.00%
77	FERNANDEZ HERMANOS INC.	60,781	00.00%
78	JULIA LIM	60,781	00.00%

Rank	Name	Holdings	Rank
79	EMILIA SUICO	60,781	00.00%
80	ALFREDO TAN	60,781	00.00%
81	MANUEL T. SUICO	60,781	00.00%
82	YOLANDA Y. LIM SO KHENG	58,487	00.00%
83	YU CHIN LIN	58,349	00.00%
84	JOSEPH NGO CHUA	58,349	00.00%
85	JOSEPH CHAM	58,349	00.00%
86	JAIME S. ROCO	58,291	00.00%
87	NIGHTINGALE TAN KEYES	55,960	00.00%
88	MARO ENTERPRISES INC.	55,829	00.00%
89	DOLORES Y. LEGASPI	54,760	00.00%
90	MACRINA LEYSON	52,858	00.00%
91	CHRISTOPHER CLEMENS Y. TANCHAN (MINOR)	52,668	00.00%
92	SY HAC PUAT	52,274	00.00%
93	DAVID L. KHO	48,998	00.00%
94	PEDRO O. VALDEZ	46,661	00.00%
95	ENRIQUE M. ABOITIZ AS TRUSTEE FOR WILLIAM PARADIES	46,244	00.00%
96	ANDRES ROMERO	46,027	00.00%
97	STARWAIV DEV. & MGT. CORP	43,554	00.00%
98	ZOSIMO D. UY	42,784	00.00%
99	ARTURO G. SINCO	42,548	00.00%
100	CAROLYN PLEYTO FELICIANO	42,240	00.00%

Rank	Name	Holdings	Rank
	Total Top 100 Shareholders :	2,408,684,164	99.63%
	Total Issued Shares	2,417,500,000	

2020 AAFS consolidated

LRWC
LEISURE & RESORTS WORLD CORPORATION
STOCK SYMBOL: LR

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Leisure & Resorts World Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free form material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements. management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2020 and 2019, respectively, have audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

EUSEBIO H. TANCO
Chairman of the Board
TIN NO. 141-978-255

EDWARD CHEUNG
President
TIN NO. 424-130-857

SUBSCRIBED AND SWORN to before me this MAY 3 1 2021 MANDALUYONG CITY
with No.: ______ as strong proof of her/his identity

LUCY DONG
Deputy Chief Financial Officer
TIN NO. 769-682-149

ATTY. JAMES K. ABUGAN
NOTARY PUBLIC
APPT. NO. 0442-19
Until 06/30/2021
IBP No. 134105 Dec. 9, 2020 Rizal Chapter
Roll No. 26890 Lifetime
MCLE No. VI-0012875 until 4/14/2022
TIN No. 116-239-956
PTR No. 4574511 01/04/2021
Tel. No. 631-40-90
Rm. 314 J&B Bldg., 251 EDSA,
Mandaluyong City

Doc. : 344 Signed this MAY 3 0 2021
Page : 70
Book : 50
Series of 2021

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	1	-	3	1	7	4			

COMPANY NAME

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

26th Floor, West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
inquiry@lrwc.com.ph	+632 8637-5291 to 93	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,822	July 29	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Lucy Dong	lucy.dong@lrwc.com.ph	+632 8637-5291 to 93	N/A

CONTACT PERSON's ADDRESS

26th Floor, West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City

NOTE 1 In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Leisure & Resorts World Corporation
26th Floor, West Tower, PSE Center
Exchange Road, Ortigas Center
Pasig City

Opinion

We have audited the consolidated financial statements of Leisure & Resorts World Corporation and Subsidiaries (collectively referred to as "the Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019 and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which discusses that the Coronavirus disease 2019 (COVID-19) pandemic has significantly affected the operations of all retail and casino sites nationwide of the Group. For the year ended December 31, 2020, the Group incurred total comprehensive loss of ₱1,338.7 million and negative operating cash flows of ₱233.6 million. Consequently, as of December 31, 2020, current liabilities exceeded current assets by ₱1,748.8 million These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Non-financial assets

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment and property and equipment when there are any impairment indicators. As at December 31, 2020, the Group's goodwill and property and equipment amounted to ₱1,329.1 million and ₱1,568.5 million, respectively, which are considered significant to the consolidated financial statements. In view of the community quarantine, the Group's retail and casino sites remain either closed or allowed with limited operating capacity which have significantly impacted the Group's revenues. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of goodwill and property and equipment. Management used significant judgment and assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically revenue growth rate and discount rate.

The Group's disclosures about property and equipment and goodwill are included in Notes 7 and 10, respectively, to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include revenue growth rate and discount rate. We compared the key assumptions used, such as revenue growth rate against the historical performance of the cash generating unit, and other relevant external data, taking into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data annually. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill and property and equipment.

Valuation of Investment Properties at Fair Value

The Group accounts for its investment properties using the fair value model. Investment properties consist of land, land improvements and building and represents 53.83% of the consolidated assets as at December 31, 2020. The valuation of the investment properties requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity, adjustments to sales price based on internal and external factors and replacement cost. This matter is significant to our audit because it involves significant judgment and estimates.

The disclosures relating to investment properties are included in Note 8 of the consolidated financial statements.

Audit Response

We reviewed the scope, bases, methodology and results of the work done by the Group's external appraisers whose professional qualifications and objectivity were also taken into consideration. We compared the relevant information supporting the sales price of similar properties and the adjustments made to the sales price and made inquiries to the external appraisers as to the basis. We also reviewed the Group's disclosures with respect to the fair value of the investment properties.

Provisions and Contingencies

The Group is involved in legal proceedings and assessments for national taxes. This matter is significant to our audit because the estimation of the potential liability resulting from these tax assessments requires significant judgment by management. The inherent uncertainty over the outcome of these tax matters is brought about by the differences in the interpretation and implementation of the laws and tax rulings.

The Group's disclosures about provisions and contingencies are included in Note 24 to the consolidated financial statements.

Audit Response

We involved our internal specialist in the evaluation of management's assessment on whether any provision for contingencies should be recognized, and the estimation of such amount. We discussed with management the status of the claims and/or assessments, and obtained correspondences with the relevant authorities and opinions from the external legal/tax counsels. We evaluated the position of the Group by considering the relevant laws, rulings and jurisprudence.

Accounting for Investment in Hotel Enterprises of the Philippines Inc. (HEPI)

The Group has investment in HEPI which is accounted for using the equity method and is required to be subjected to impairment testing when impairment indicators exist. Under PFRSs, the Group is required to test its investment in joint venture for impairment when indicators exist that the investment may be impaired. This assessment of whether indicator of impairment exists, and management's impairment assessment process is complex and judgmental and is based on assumptions, specifically revenue growth rate and discount rate.

The carrying value of the Group's investment in HEPI amounted to ₱1,097.6 million as at December 31, 2020 while share in equity in net losses of HEPI for the year ended December 31, 2020 amounted to ₱102.4 million. The accounting for investment in joint venture is significant to our audit due to the Group's share in net loss, the materiality of the carrying amount of the investment as at December 31, 2020 to the consolidated financial statements, and the complexity arising from management's judgment and estimations involved in the impairment assessment process.

In view of the continuing community quarantines and restricted travel, HEPI is continuously affected by the lower number of guests and reduced room rates which significantly impacted the Group's share in net losses of HEPI. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the Group's investment in HEPI, which involves significant judgment, estimation about revenue growth rate and discount rate, which are subject to higher level of estimation uncertainty due to the current economic conditions impacted by the coronavirus pandemic. Accordingly, such impairment assessment and testing is a key audit matter.

The Group's disclosures on its investment in joint venture is included in Note 9 to the consolidated financial statements.

Audit Response

We obtained the financial information of HEPI and recomputed the Group's equity in net losses of joint venture and compared it with the amounts recognized in the books. We also obtained an understanding of the business transactions, the revenue recognition process, and reviewed material items and other accounts that may have a material effect on the Group's share in net losses of HEPI.

With respect to the impairment testing of investment in HEPI, we reviewed the Group's assessment on whether an indicator of impairment exists for its investment in joint venture. We evaluated the assumptions used which include the revenue growth rate and discount rate. We compared the key assumptions used, such as the revenue growth rate against the historical performance of HEPI and other relevant external data taking into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of investment in joint venture.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon which we obtained prior to the date of the Auditor's Report, and the SEC Form 20 – IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2020, which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SGV
Building a better working world

The engagement partner on the audit resulting in this independent auditor's report is Maria Pilar B. Hernandez.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
SEC Accreditation No. 1558-AR-1 (Group A),
February 26, 2019, valid until February 25, 2022
Tax Identification No. 214-318-972
BIR Accreditation No. 08-001998-116-2019,
January 28, 2019, valid until January 27, 2022
PTR No. 8534306, January 4, 2021, Makati City

May 30, 2021

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2020**	2019
ASSETS			
Current Assets			
Cash and cash equivalents	*4*	**₱373,974,300**	₱2,558,645,280
Receivables	*5*	**1,117,498,741**	1,289,161,861
Current portion of lease receivables	*17*	**2,188,441**	9,383,968
Due from related parties	*20*	**155,000,000**	155,000,000
Prepaid expenses and other current assets	*6*	**166,526,570**	169,906,156
Total Current Assets		**1,815,188,052**	4,182,097,265
Noncurrent Assets			
Property and equipment – net	*7, 12*	**1,568,544,893**	1,964,516,238
Lease receivables - net of current portion	*17*	**18,231,116**	20,419,557
Receivables - net of current portion	*5, 9, 20*	**577,424,383**	601,521,005
Investment properties	*8*	**10,058,095,750**	9,773,653,000
Investments and advances	*9*	**2,190,594,760**	2,289,115,560
Financial assets at fair value through other comprehensive income (FVOCI)	*9*	**112,630,736**	106,725,824
Deferred tax assets	*21*	**–**	20,476
Goodwill	*10*	**1,329,092,293**	1,493,884,695
Other noncurrent assets	*11*	**1,014,267,706**	999,041,168
Total Noncurrent Assets		**16,868,881,637**	17,248,897,523
		₱18,684,069,689	₱21,430,994,788
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*13*	**₱1,867,168,384**	₱1,979,892,257
Short-term loans payable	*12*	**983,012,500**	893,892,480
Current portion of:			
Long-term loans payable	*12*	**468,137,132**	319,169,278
Lease liabilities	*17*	**237,998,769**	201,485,706
Income tax payable		**7,667,086**	5,484,615
Total Current Liabilities		**3,563,983,871**	3,399,924,336
Noncurrent Liabilities			
Long-term loans payable - net of current portion	*12*	**2,679,608,256**	2,676,788,687
Lease liabilities - net of current portion	*17*	**577,842,543**	580,290,821
Retirement benefits liability	*18*	**146,808,654**	180,338,178
Deposits	*9, 17*	**90,941,546**	97,807,175
Deferred tax liabilities	*21*	**1,465,872,243**	1,384,574,886
Total Noncurrent Liabilities		**4,961,073,242**	4,919,799,747
Total Liabilities		**8,525,057,113**	8,319,724,083

(Forward)

		December 31	
	Note	**2020**	2019
Equity			
Equity Attributable to the Parent Company			
Capital stock	*14*	**₱4,067,500,000**	₱4,067,500,000
Additional paid-in capital	*14*	**4,263,308,184**	4,263,308,184
Treasury shares	*14*	**(1,703,950,505)**	(90,411,278)
Retirement benefits reserve	*18*	**(18,336,411)**	(9,492,947)
Fair value reserve	*9*	**6,503,145**	598,233
Foreign currency translation reserve		**(2,099,981)**	(2,099,981)
Other reserve		**(19,488,495)**	(19,488,495)
Retained earnings		**3,168,371,357**	4,466,661,733
		9,761,807,294	12,676,575,449
Non-controlling Interests	*2*	**397,205,282**	434,695,256
Total Equity		**10,159,012,576**	13,111,270,705
		₱18,684,069,689	₱21,430,994,788

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2020**	2019	2018
REVENUES				
Electronic bingo	*15, 24*	**₱1,745,675,813**	₱5,289,230,260	₱4,754,906,261
Traditional bingo	*15*	**423,795,592**	2,216,155,056	2,106,084,940
Service and hosting fees	*9, 16*	**800,449,944**	1,055,376,916	1,054,365,127
Income from junket operations	*24*	**111,551,571**	689,770,381	895,694,852
Rent income	*8, 17*	**267,176,326**	706,652,846	560,690,470
Commission income	*24*	**141,959,435**	353,652,002	291,607,194
Rapid bingo	*15, 24*	**85,867,120**	284,212,205	230,386,430
Pull tabs	*15*	**6,844,580**	19,009,330	20,111,861
		3,583,320,381	10,614,058,996	9,913,847,135
COSTS AND OPERATING EXPENSES				
Franchise fees and taxes	*15, 16*	**1,527,622,311**	4,625,303,082	4,429,428,116
Depreciation and amortization	*7, 8, 11*	**534,290,234**	646,610,284	471,302,380
Payouts	*15*	**380,086,175**	1,740,788,177	1,436,599,949
Bandwidth and co-location costs	*9*	**358,731,166**	493,383,741	563,002,838
Salaries and other benefits		**350,453,532**	508,686,600	566,176,916
Contracted services		**274,584,905**	607,967,454	540,566,692
Communications and utilities		**161,789,975**	340,124,993	306,818,582
Rent	*17*	**150,739,838**	413,274,565	645,549,812
Taxes and licenses		**128,228,000**	490,318,213	148,425,347
Advertising and promotion		**111,021,634**	304,430,831	280,729,425
Representation and entertainment		**80,822,632**	142,798,207	131,710,596
Professional and directors' fees		**37,848,429**	89,518,239	102,930,312
Repairs and maintenance		**36,667,079**	91,599,838	91,149,334
Transportation and travel		**12,028,536**	41,307,141	68,791,116
Playing cards		**4,894,845**	56,445,981	36,465,447
Others		**63,485,260**	107,909,744	88,458,270
		4,213,294,551	10,700,467,090	9,908,105,132
OPERATING INCOME (LOSS)		**(629,974,170)**	(86,408,094)	5,742,003
OTHER INCOME (EXPENSES) - net				
Finance expense	*19*	**(312,808,288)**	(550,276,058)	(428,176,343)
Unrealized gains on changes in fair values of investment properties - net	*8*	**282,314,883**	2,449,424,356	1,329,408,530
Impairment loss on:				
Financial assets	*5*	**(234,837,223)**	(7,534,542)	(181,641,224)
Non-financial assets	*6, 7, 9, 10, 11, 17*	**(223,923,199)**	(239,555,412)	(111,865,997)
Equity in net earnings (loss) of:				
Joint venture	*9*	**(102,440,007)**	149,007,689	114,866,158
Associates	*9*	**(713,720)**	91,601,846	70,421,894
Loss on sale of assets/investment	*7, 9, 12*	**(47,434,213)**	(741,480,264)	–
Finance income	*4, 19*	**26,203,524**	4,169,920	1,396,080
Foreign exchange gain (loss) – net		**(4,791,854)**	13,501,397	(24,259,181)
Other income (expense) – net	*19*	**12,166,775**	(107,354,485)	238,333,023
		(606,263,322)	1,061,504,447	1,008,482,940

(Forward)

	Note	2020	2019	2018
		Years Ended December 31		
INCOME (LOSS) BEFORE INCOME TAX		**(₱1,236,237,492)**	₱975,096,353	₱1,014,224,943
PROVISION FOR INCOME TAX	*21*	**101,857,337**	867,993,776	549,142,094
NET INCOME (LOSS)		**(1,338,094,829)**	107,102,577	465,082,849
Attributable to:				
Equity Holders of the Parent Company		**(₱1,298,290,376)**	₱95,656,550	₱479,645,976
Non-controlling interests		**(39,804,453)**	11,446,027	(14,563,127)
		(₱1,338,094,829)	₱107,102,577	₱465,082,849
OTHER COMPREHENSIVE INCOME (LOSS) – Net				
Items that will not be reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits, net of tax	*18*	**(6,528,985)**	25,937,452	27,906,333
Revaluation gain (loss) of FVOCI	*9*	**5,904,912**	(61,454,830)	14,871,625
Revaluation surplus, net of tax	*7, 8*	–	–	(89,182,693)
		(624,073)	(35,517,378)	(46,404,735)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱1,338,718,902)**	₱71,585,199	₱418,678,114
Attributable to:				
Equity Holders of the Parent Company		**(₱1,301,228,928)**	₱60,382,725	₱500,943,815
Non-controlling interests		**(37,489,974)**	11,202,474	(82,265,701)
		(₱1,338,718,902)	₱71,585,199	₱418,678,114
Basic Earnings Per Share	*22*	**(₱0.5370)**	(₱0.0668)	₱0.3441
Diluted Earnings Per Share		**(0.5370)**	(0.0668)	0.3224

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

		Attributable to Owners of the Parent Company											
	Note	Capital Stock – Common Shares	Capital Stock – Preferred Shares	Additional Paid-in Capital - Common	Treasury Shares	Retirement Benefits Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at January 1, 2020		**₱2,417,500,000**	**₱1,650,000,000**	**₱4,263,308,184**	**(₱90,411,278)**	**(₱9,492,947)**	**₱598,233**	**(₱2,099,981)**	**(₱19,488,495)**	**₱4,466,661,733**	**₱12,676,575,449**	**₱434,695,256**	**₱13,111,270,705**
Net loss for the year		–	–	–	–	–	–	–	–	**(1,298,290,376)**	**(1,298,290,376)**	**(39,804,453)**	**(1,338,094,829)**
Other comprehensive income (loss)		–	–	–	–	**(8,843,464)**	**5,904,912**	–	–	–	**(2,938,552)**	**2,314,479**	**(624,073)**
Total comprehensive income (loss) for the year		–	–	–	–	**(8,843,464)**	**5,904,912**	–	–	**(1,298,290,376)**	**(1,301,228,928)**	**(37,489,974)**	**(1,338,718,902)**
Redemption of preferred shares	14	–	–	–	**(1,613,500,000)**	–	–	–	–	–	**(1,613,500,000)**	–	**(1,613,500,000)**
Acquisition of treasury shares	14	–	–	–	**(39,227)**	–	–	–	–	–	**(39,227)**	–	**(39,227)**
Balance at December 31, 2020		**₱2,417,500,000**	**₱1,650,000,000**	**₱4,263,308,184**	**(₱1,703,950,505)**	**(₱18,336,411)**	**₱6,503,145**	**(₱2,099,981)**	**(₱19,488,495)**	**₱3,168,371,357**	**₱9,761,807,294**	**₱397,205,282**	**₱10,159,012,576**

		Attributable to Owners of the Parent Company											
	Note	Capital Stock – Common Shares	Capital Stock – Preferred Shares	Additional Paid-in Capital - Common	Treasury Shares	Retirement Benefits Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at January 1, 2019		₱1,199,852,512	₱1,650,000,000	₱1,114,028,555	(₱90,411,278)	(₱35,673,952)	₱62,053,063	(₱2,099,981)	(₱19,488,495)	₱4,788,629,877	₱8,666,890,301	₱423,492,782	₱9,090,383,083
Effect of adoption of PFRS 16		–	–	–	–	–	–	–	–	(184,479,694)	(184,479,694)	–	(184,479,694)
Balances at January 1, 2019, as restated		1,199,852,512	1,650,000,000	1,114,028,555	(90,411,278)	(35,673,952)	62,053,063	(2,099,981)	(19,488,495)	4,604,150,183	8,482,410,607	423,492,782	8,905,903,389
Net income for the year		–	–	–	–	–	–	–	–	95,656,550	95,656,550	11,446,027	107,102,577
Other comprehensive income (loss)		–	–	–	–	26,181,005	(61,454,830)	–	–	–	(35,273,825)	(243,553)	(35,517,378)
Total comprehensive income (loss) for the year		–	–	–	–	26,181,005	(61,454,830)	–	–	95,656,550	60,382,725	11,202,474	71,585,199
Issuance of capital stock	14	1,217,647,488	–	3,149,279,629	–	–	–	–	–	–	4,366,927,117	–	4,366,927,117
Cash dividends	14	–	–	–	–	–	–	–	–	(233,145,000)	(233,145,000)	–	(233,145,000)
Balance at December 31, 2019		₱2,417,500,000	₱1,650,000,000	₱4,263,308,184	(₱90,411,278)	(₱9,492,947)	₱598,233	(₱2,099,981)	(₱19,488,495)	₱4,466,661,733	₱12,676,575,449	₱434,695,256	₱13,111,270,705

		Attributable to Owners of the Parent Company												
	Note	Capital Stock – Common Shares	Capital Stock – Preferred Shares	Additional Paid-in Capital - Common	Treasury Shares	Retirement Benefits Reserve	Revaluation Surplus	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2018		₱1,199,852,512	₱1,650,000,000	₱1,114,028,555	(₱89,405,347)	(₱63,226,874)	₱62,142,500	₱47,181,438	(₱2,099,981)	(₱1,294,351)	₱4,379,108,901	₱8,296,287,353	₱628,581,025	₱8,924,868,378
Net income for the year		–	–	–	–	–	–	–	–	–	479,645,976	479,645,976	(14,563,127)	465,082,849
Other comprehensive income (loss)		–	–	–	–	27,552,922	(62,142,500)	14,871,625	–	–	–	(19,717,953)	(26,686,782)	(46,404,735)
Total comprehensive income (loss) for the year		–	–	–	–	27,552,922	(62,142,500)	14,871,625	–	–	479,645,976	459,928,023	(41,249,909)	418,678,114
Effect of change in interest in an investment	9	–	–	–	–	–	–	–	–	(18,194,144)	–	(18,194,144)	124,205	(18,069,939)
Treasury shares acquired	14	–	–	–	(1,005,931)	–	–	–	–	–	–	(1,005,931)	–	(1,005,931)
Cash dividends	14	–	–	–	–	–	–	–	–	–	(70,125,000)	(70,125,000)	(163,962,539)	(234,087,539)
Balance at December 31, 2018		₱1,199,852,512	₱1,650,000,000	₱1,114,028,555	(₱90,411,278)	(₱35,673,952)	₱–	₱62,053,063	(₱2,099,981)	(₱19,488,495)	₱4,788,629,877	₱8,666,890,301	₱423,492,782	₱9,090,383,083

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

		Years Ended December 31		
	Note	**2020**	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(₱1,236,237,492)**	₱975,096,353	₱1,014,224,943
Adjustments for:				
Depreciation and amortization	*7, 11*	**534,290,234**	646,610,284	471,302,380
Finance expense	*19*	**312,808,288**	550,276,058	428,176,343
Unrealized gain on changes in fair values of investment properties	*8*	**(282,314,883)**	(2,449,424,356)	(1,329,408,530)
Loss on impairment of non-financial assets	*6, 7, 9, 11*	**223,923,199**	239,555,412	111,865,997
Equity in net loss (earnings) of joint venture	*9*	**102,440,007**	(149,007,689)	(114,866,158)
Loss on sale of assets/investment	*9*	**47,434,213**	741,480,264	–
Finance income	*19*	**(26,203,524)**	(4,169,920)	(1,396,080)
Retirement benefits (income)	*18*	**(15,573,758)**	34,414,640	31,445,659
Gain on pre-termination of leases	*17*	**(14,196,099)**	–	–
Unrealized foreign exchange loss (gain) - net		**4,791,855**	(13,501,397)	1,414,145
Equity in net loss (earnings) of associates	*9*	**713,720**	(91,601,846)	(70,421,894)
Loss on sublease	*17,19*	**–**	123,918,498	–
Operating income (loss) before working capital changes		**(348,124,240)**	603,646,301	542,336,805
Decrease (increase) in:				
Receivables		**249,619,136**	(156,003,335)	(188,707,097)
Prepaid expenses and other current assets		**(31,586,802)**	(107,081,739)	(3,635,572)
Playing cards		**–**	–	4,062,409
Increase (decrease) in:				
Trade and other payables		**(57,353,804)**	(16,700,331)	352,751,043
Deposits		**(6,865,629)**	2,074,698	(14,258,389)
Due to a related party		**–**	–	(9,070,691)
Net cash provided by (used in) operations		**(194,311,339)**	325,935,594	683,478,508
Income taxes paid		**(18,397,986)**	(34,512,300)	(65,046,095)
Benefits paid	*18*	**(23,773,190)**	(54,776,692)	(2,172,429)
Interest received		**2,846,356**	4,169,920	1,396,080
Net cash provided by (used in) operating activities		**(233,636,159)**	240,816,522	617,656,064
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of assets/investment	*9*	**28,436,837**	1,000,000,000	–
Additions to:				
Property and equipment	*7*	**(37,919,037)**	(188,200,400)	(236,249,645)
Other noncurrent assets		**(15,226,538)**	(113,734,433)	(158,497,588)
Investments and advances	*9*	**(10,464,077)**	(95,743,815)	(69,048,376)
Investment properties	8	**(2,127,867)**	(17,540,217)	(33,804,628)

(Forward)

	Note	2020	2019	2018
		Years Ended December 31		
Cash given up from acquisition of subsidiaries and sites	*10*	–	–	(18,069,740)
Net cash provided by (used in) investing activities		**(37,300,682)**	584,781,135	(515,669,977)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Loans payable	*12*	**998,778,516**	136,700,000	1,139,735,145
Issuance of capital stock	*14*	–	4,366,927,117	–
Payments for:				
Loans payable	*12*	**(744,283,331)**	(2,298,588,373)	(724,067,441)
Lease liabilities	*17*	**(246,997,216)**	(268,395,972)	–
Interest	*12*	**(233,485,505)**	(498,952,982)	(428,176,343)
Dividends		**(73,057,416)**	(156,995,000)	(79,440,258)
Acquisition of treasury shares	*14*	**(39,227)**	–	8,721,847
Redemption of preferred shares	*14*	**(1,613,500,000)**	–	–
Net cash provided by (used in) financing activities		**(1,912,584,179)**	1,280,694,790	(83,227,050)
NET INCREASE (DECREASE) IN CASH		**(2,183,521,020)**	2,106,292,447	18,759,037
EFFECT OF EXCHANGE RATE CHANGES ON CASH		**(1,149,960)**	10,222,618	(1,212,145)
CASH AT BEGINNING OF YEAR		**2,558,645,280**	442,130,215	424,583,323
CASH AT END OF YEAR	*4*	**₱373,974,300**	₱2,558,645,280	₱442,130,215

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Leisure & Resorts World Corporation (LRWC or the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1957. The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities") and the Group's interest in joint venture and associates.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares are listed on the Philippine Stock Exchange, Inc. (PSE).

The Group's primary purpose is to engage in leisure business which includes management and operation of the activities conducted therein pertaining to general amusement and recreation enterprise, hotel and gaming facilities, including but not limited to bingo parlors.

The Parent Company's registered office address is 26th Floor, West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City.

Status of Operations

Impact of COVID-19. In a move to contain the COVID-19 outbreak, on March 16, 2020, the Office of the President of the Philippines issued Proclamation No. 929, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020 which was subsequently extended until May 15, 2020. The community quarantine classification was subsequently extended or changed either ECQ, modified ECQ and general community quarantine (GCQ). This resulted to the temporary closure of non-essential shops and businesses depending on the community quarantine classification of each location.

In line with the ECQ declaration in Metro Manila, Philippine Amusement Gaming Corporation (PAGCOR) released a memorandum on March 15, 2020 that gaming operations of its licensees would be suspended for the duration of the quarantine. On March 16, 2020, PAGCOR further announced the extension of the temporary suspension to all gaming operations nationwide effective midnight of March 16, 2020 until midnight of April 16, 2020 or until the government declares the COVID-19 situation either under control or for extended community quarantine.

On June 5, 2020, PAGCOR announced that they would allow resumption of gaming sites located on low-risk areas placed under "Modified General Community Quarantine" (MGCQ). Gaming sites within the areas under MGCQ would be allowed to operate at 50% operational capacity, except for traditional bingo halls, which falls under mass gathering, thus, remain suspended. On June 18, 2020, PAGCOR further allowed gaming sites to conduct dry run operations (at 30% operating capacity) on areas under GCQ.

The COVID-19 pandemic and its consequences as discussed above have significantly reduced the operations of all licensed casinos and gaming sites nationwide which have impacted the Group's business, operations, and financial results. Accordingly, the Group incurred total comprehensive loss of ₱1,338,718,902 in 2020 and negative operating cash flows of ₱233,636,159 in 2020 resulting in its current liabilities exceeding its current assets by ₱1,748,795,819 as at December 31, 2020. The COVID-19 pandemic is still prevailing and continues to affect the Group's operations (i.e. suspension of the gaming sites under ECQ, limitation on the operating capacity of gaming sites, etc.). Economic recovery is heavily dependent on the measures that will be adopted by the government.

The above conditions and events indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

Short-term liquidity issues of LRWC are being dealt on a group level as treasury and cash management functions remains centralized. The Group management has been addressing its existing obligations by negotiating with lenders to restructure and extend its term loans, renewing and obtaining additional credit lines, negotiating new payment terms with some suppliers and lessors, and implementation of its business continuity plan. As such, the accompanying consolidated financial statements have been prepared on a going concern basis of accounting.

As at May 30, 2021, the Group has obtained approval from its lenders for the deferral of 2021 principal and interest payments of its currently maturing loans. Moreover, in May 2021, other lenders of the Group provided an extension for the repayment of its principal and interest for at least 12 months and confirmed that the Group is not considered in default (see Note 12).

The Group has also obtained the approval for the discounts requested from some of its major suppliers and lessors in the second quarter of 2021 (see Note 17).

Approval and Authorization for Issuance of the Financial Statements
The accompanying consolidated financial statements as at and for the years ended December 31, 2020 and 2019 reviewed and recommended for approval by the Audit Committee on May 30, 2021. On the same date, the Board of Directors (BOD) approved and authorized the issuance of the consolidated financial statements.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

The consolidated financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Financial assets at FVOCI	Fair value
Investment properties	Fair value

The consolidated financial statements are presented in Philippine peso, the Group's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

New and Amended Standards and Interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures and PFRS 9, Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

In 2020, the Group has entered into several rent concessions and adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2020. The Group recognized rent concessions as variable lease payments. The impact of rent concessions amounting to ₱79,452,376 were presented in the consolidated statement of comprehensive income as reduction in amortization expense recorded under "Costs and operating expenses" (see Note 17).

Standards issued but not yet effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:

  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential "day 2"gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments shall be applied prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  These amendments may apply to future transactions of the Group.

Basis of Consolidation

The consolidated financial statements include the financial statements of LWRC and its subsidiaries as at December 31 each year and for the years then ended. The Group controls an investee if and only if the Group has:

- Power over an investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support the presumption and when the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- the contractual arrangements with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Group to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognized as part of "Other reserve" account in the equity attributable to the equity holders of the Parent.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest (NCI) and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements include the financial statements of the Group and the following subsidiaries as at December 31, 2020 and 2019:

Subsidiaries	Percentage of Ownership	Country of Incorporation
AB Leisure Exponent, Inc. (ABLE)	100	Philippines
AB Leisure Global, Inc. (ABLGI)	100	Philippines
LR Land Developers, Inc. (LRLDI)	100	Philippines
Prime Investment Korea, Inc. (PIKI)	100	Philippines
Total Gamezone Xtreme Incorporated (TGXI)	100	Philippines
Blue Chip Gaming and Leisure Corporation (BCGLC)	100	Philippines
Gold Coast Leisure World Corporation (GCLWC)	100	Philippines
LR Data Center and Solutions Inc. (LRDCSI)	80	Philippines
First Cagayan Leisure and Resort Corporation (FCLRC)	69.68	Philippines
First Cagayan Converge Data Center, Inc. (FCCDCI)	57.81	Philippines
Bingo Bonanza (HK) Limited (BBL)*	60	Hong Kong

**Non-operating subsidiary.*

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

NCI

NCI represent the portion of profit or loss and net assets or liabilities not held by the Group and are presented separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity, and within equity in the consolidated statements of financial position, separately from Group's equity attributable to equity holders of the Group. Losses applicable to the NCI in a subsidiary (including components of other comprehensive income) are allocated to the NCI even if doing so results in a deficit NCI balance.

The following table summarizes the information relating to the Group entities with material NCI, before any intra-group eliminations:

	December 31, 2020				
	LRDCSI	**FCLRC**	**BBL**	**FCCDCI**	**Grand Total**
Non-controlling interests percentage	**20.00%**	**30.32%**	**40.00%**	**42.19%**	
Current assets	**₱151,987,792**	**₱2,326,583,283**	**₱60,652**	**₱558,791,943**	**₱3,037,423,670**
Noncurrent assets	**43,062,497**	**318,119,363**	**33,437**	**163,243,972**	**524,459,269**
Current liabilities	**(171,843,257)**	**(1,493,089,873)**	**(87,144,381)**	**(427,086,227)**	**(2,179,163,738)**
Noncurrent liabilities	**(261,483)**	**(106,389,399)**	**–**	**(81,254,663)**	**(187,905,545)**
Net assets (liabilities)	**₱22,945,549**	**₱1,045,223,374**	**(₱87,050,292)**	**₱213,695,025**	**₱1,194,813,656**
Carrying amount of non-controlling interests	**₱4,589,110**	**₱316,911,727**	**(₱34,820,117)**	**₱90,157,931**	**₱376,838,651**
Revenue	**₱85,779,797**	**₱351,503,646**	**₱–**	**₱368,807,399**	**₱806,090,842**
Net loss for the year	**(₱9,866,256)**	**(₱61,995,936)**	**₱–**	**(₱87,043,162)**	**(₱158,905,354)**
Other comprehensive income	–	**7,633,505**	–	–	**7,633,505**
Total comprehensive loss	**(₱9,866,256)**	**(₱54,362,431)**	**₱–**	**(₱87,043,162)**	**(₱151,271,849)**
Net income (loss) allocated to non-controlling interests	**₱1,508,475**	**(₱2,962,276)**	**₱–**	**(₱36,725,521)**	**(₱38,179,322)**
Other comprehensive income allocated to non-controlling interests	–	**2,314,479**	–	–	**2,314,479**
Cash flows from operating activities	**(₱8,879,625)**	**₱196,821,981**	**₱–**	**(₱18,370,247)**	**₱169,572,109**
Cash flows from (used in) investment activities	**–**	**(180,438,863)**	**–**	**23,823,959**	**(156,614,904)**
Cash flows used in financing activities	**–**	**(43,915,959)**	**–**	**(8,920,863)**	**(52,836,822)**
Net decrease in cash	**(₱8,879,625)**	**(₱27,532,841)**	**₱–**	**(₱3,467,151)**	**(₱39,879,617)**

	December 31, 2019				
	LRDCSI	FCLRC	BBL	FCCDCI	Grand Total
Non-controlling interests percentage	20.00%	30.32%	40.00%	42.19%	
Current assets	₱60,675,355	₱1,984,550,514	₱60,652	₱344,762,556	₱2,390,049,077
Noncurrent assets	61,297,371	539,381,978	33,437	197,470,001	798,182,787
Current liabilities	(82,795,268)	(1,305,032,466)	(87,144,381)	(154,687,754)	(1,629,659,869)
Noncurrent liabilities	(32,416)	(117,485,329)	–	(87,038,089)	(204,555,834)
Net assets (liabilities)	₱39,145,042	₱1,101,414,697	(₱87,050,292)	₱300,506,714	₱1,354,016,161
Carrying amount of non-controlling interests	₱7,829,008	₱333,948,936	(₱34,820,117)	₱126,783,782	₱433,741,609
Revenue	₱99,733,764	₱458,352,744	₱–	₱521,638,814	₱1,079,725,322
Net income (loss) for the year	(₱13,991,364)	(₱51,491,563)	₱–	₱50,247,598	(₱15,235,329)
Other comprehensive income	–	(803,277)	–	–	(803,277)
Total comprehensive income (loss)	(₱13,991,364)	(₱52,294,840)	₱–	₱50,247,598	(₱16,038,606)
Net income (loss) allocated to non-controlling interests	(₱2,798,273)	(₱15,612,242)	₱–	₱21,199,462	₱2,788,947
Other comprehensive income allocated to non-controlling interests	–	(243,554)	–	–	(243,554)

	December 31, 2019				
	LRDCSI	FCLRC	BBL	FCCDCI	Grand Total
Cash flows from operating activities	P21,286,438	P162,967,386	P–	(P14,661,234)	P169,592,590
Cash flows from (used in) investment activities	(4,270,229)	2,246,296	–	19,073,149	17,049,216
Cash flows used in financing activities	–	(150,765,868)	–	(242,819)	(151,008,687)
Net increase in cash	₱17,016,209	₱14,447,814	₱–	₱4,169,096	₱35,633,119

ABLE

ABLE, a wholly-owned subsidiary, was registered with the SEC on March 31, 1995. Its primary purpose is to provide amusement and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

The consolidated financial statements also include the following indirect subsidiaries owned through ABLE:

	Percentage of Ownership	
Subsidiaries	**2020**	2019
Alabang Numbers & Gaming Corporation	**100**	100
Allpoint Leisure Corporation	**100**	100
Alpha One Amusement and Recreation Corp.	**100**	100
Big Time Gaming Corporation	**100**	100
Bingo Extravaganza, Inc.	**100**	100
Bingo Gallery, Inc.	**100**	100
Bingo Heaven Inc.*	**100**	100
Bingo Palace Corporation	**100**	100
Cebu Entertainment Gallery, Inc.	**100**	100
Fiesta Gaming and Entertainment Corporation*	**100**	100
First Leisure & Game Co., Inc.	**100**	100
Galleria Bingo Corporation	**100**	100
Gamexperience Entertainment Corp.	**100**	100
Grand Polaris Gaming Co., Inc.	**100**	100
G-One Gaming & Technology, Inc.	**100**	100
Highland Gaming Corporation	**100**	100
Iloilo Bingo Corporation	**100**	100
Metro Gaming Entertainment Gallery, Inc.	**100**	100
Rizal Gaming Corporation	**100**	100
SG Amusement and Recreation Corp.	**100**	100
South Bingo Corporation	**100**	100
South Entertainment Gallery Incorporated	**100**	100
Topmost Gaming Corp.	**100**	100
Topnotch Bingo Trend, Inc. (Topnotch)	**100**	100
One Bingo Pavilion Inc.	**100**	100
Worldwide Links Leisure and Gaming Corporation	**100**	100
Bingo Dinero Corporation (Bingo Dinero)	**100**	95
Bingo Zone, Inc.*	**95**	95
Manila Bingo Corporation	**95**	95
Isarog Gaming Corporation	**90**	90
One Bingo Place, Incorporated	**80**	80
Summit Bingo, Inc.	**60**	60
Negrense Entertainment Gallery, Inc.	**55**	55

**Non-operating subsidiaries.*

ABLE offers traditional and electronic bingo games on its bingo halls across the country. Classified under non-essential businesses, all ABLE's bingo halls were temporarily closed on March 16, 2020. On June 5, 2020, PAGCOR issued a memorandum allowing the resumption of operations of gaming sites within MGCQ areas at 50% capacity. Bingo halls located in areas under GCQ areas were allowed to operate at 30% operating capacity. As at May 30

, 2021, ABLE's traditional bingo operations remain suspended as it falls under mass gathering.

ABLGI

ABLGI, a wholly-owned subsidiary, was registered with the SEC on October 20, 2009. Its primary purpose is to acquire, own, use, 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. ABLGI started its operations on January 1, 2013.

The consolidated financial statements also include the following indirect subsidiaries owned through ABLGI as at December 31, 2020 and 2019:

Subsidiaries	Percentage of Ownership
AB Leisure Asia Holdings Inc. (ABLAHI)	100
AB Leisure Holdings Philippines Corp. (ABLHPC)	100
G-L Real Estate JV Corporation (GL-JV)	100
G-Boracay Land Holdings Inc. (GBLHI)	100
G-Boracay Alpha Holdings Inc. (GBAHI)	100
G-Boracay Beta Holdings Inc. (GBBHI)	100
G-Boracay Gamma Holdings Inc. (GBGHI)	100

These indirect subsidiaries were incorporated in 2017 for a future project. The land for such project was acquired in 2017 at a cost of ₱4,759,548,749.

There have been no significant changes in the operations of ABLGI as a direct effect of the COVID-19 pandemic.

LRLDI

On December 10, 2007, the Parent Company incorporated LRLDI as its wholly-owned subsidiary. It is engaged in realty development and tourism. LRLDI started its operations in 2010.

There have been no significant changes in the operations of LRLDI as a direct effect of the COVID-19 pandemic.

PIKI

PIKI was registered with the SEC on November 9, 2012. Its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property. On July 3, 2013, PIKI obtained a Grant of Authority from PAGCOR for the privilege and authority to bring in pre-registered non-Philippine junket players (with passports bearing Philippine arrival dates no later than five (5) days prior to the initial entry in the Gaming Rooms) to play the designated junket Gaming Rooms at PAGCOR's Casino Filipino - Midas, with a minimum gaming table mix to be determined by PAGCOR. On

March 22, 2013, the Parent Company acquired 100% of PIKI's outstanding capital stock. PIKI started its operations on July 26, 2013.

PIKI is licensed by PAGCOR to operate a junket within PAGCOR's Casino Filipino-Midas. Junket operations have been suspended at the start of the ECQ. As at May 30, 2021, PIKI's operations has yet to resume upon lifting of suspension on face-to-face mass gatherings.

TGXI

TGXI was registered with the SEC on June 27, 2014 primarily to engage in general amusement, gaming operations and recreation enterprises. PAGCOR granted TGXI the privilege to establish, install, maintain, and operate a PAGCOR eGames Station ("PeGS"). PeGS is a gaming facility that offers virtual casino games. TGXI started commercial operations on July 16, 2014.

TGXI operates PeGS in several locations across the country. Its operations were suspended on March 16, 2020 until June 16, 2020. Relative to PAGCOR's memorandum on June 5, 2020, TGXI was allowed to operate at 50% and 30% capacity in sites under MGCQ and GCQ, respectively.

BCGLC

BCGLC was registered with the SEC on February 26, 2009. 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 October 20, 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 July 24, 2015, BCGLC incorporated Gold Coast Leisure World Corp. (GCLWC) as its wholly-owned subsidiary. Its primary purpose is to purchase, acquire, own, lease (except financial leasing), sell and convey real properties such as lands, buildings, factories, and warehouses and machineries, equipment, and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, share of its capital stock, debentures and other evidences of indebtedness, or other securities as may be deemed expedient, for any business or property acquired by the corporation.

BCGLC operates several PAGCOR VIP clubs. Operations of the PAGCOR VIP clubs were suspended from March 16, 2020 to June 15, 2020 due to the mandated community quarantine of the Philippine government. Relative to PAGCOR's memorandum on June 5, 2020, BCGLC was allowed to operate at 50% and 30% capacity in sites under MGCQ and GCQ, respectively. Its operations resumed on June 16, 2020.

LRDCSI

LRDCSI was registered with SEC on May 20, 2016 and started its operation in October 2017. LRDCSI is a technology company engaged in aggregating data and telecommunication services. LRDCSI's revenue model involves acquiring services from local and foreign technology and telecommunications companies at wholesale rates, bundling said services and then reselling the services at retail rates. The premium for such activity is warranted given the bespoke and higher level of customer engagement provided by the LRDCSI.

LRDCSI's portfolio includes solutions related to data center co-location, internet, private leased lines, mobile and voice platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in all industry sectors including land based and online gaming operators. LRWC owns 80% of the outstanding capital stock of LRDCSI while an individual stockholder owns 20%.

LRDCSI provides advanced information technology infrastructure services for businesses such as co-location, internet services, connectivity, business continuity and disaster recovery, and managed professional services. Service agreements with the customers are renewable annually. Due to the COVID-19 pandemic, some of the clients of LRDCSI terminated or have not renewed its contract. In addition, LRDCSI granted discounts to some of its customers in April and May 2020.

FCLRC
FCLRC was incorporated on April 26, 2000 and is a Cagayan Special Economic Zone and Freeport (CSEZFP) registered enterprise. 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 CSEZFP. Pursuant to the License Agreement, CEZA 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.

As Master Licensor in CEZA, FCLRC is authorized to collect a sub-license fee of two percent of the gross winnings from the internet casino, in accordance with an agreed formula. Since COVID-19 impacted the operations of the CEZA licensees, FCLRC's sub-license fee also decrease due to discontinuance of the operations of its locators/licensees.

FCCDCI
On March 1, 2007, FCLRC and IP Converge Data Center Corp. (IPCDCC) entered into a Shareholders Agreement (Joint Venture) to engage in the business of information technology such as, but not limited to IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution to the licensed locators of FCLRC, as well as the CEZA. The Joint Venture shall likewise invest in building, upgrading and maintaining the IP communications infrastructure that connects CEZA to the global internet. This includes fiber optic networks, wireless radio stations, telco-grade internet data center, network operations center, and network hubs/access points. This investment is made by FCLRC in relation to the Master Development Plan for Tourism Area in CSEZFP and the Development of Information Technology (IT) Facilities and Telecommunications (Master Development Plan) (see Note 16).

FCCDCI was incorporated and registered with the SEC on November 14, 2007, and started commercial operations on January 1, 2008. FCLRC owns 60% of FCCDCI and the remaining 40% is owned by IPCDCC.

On May 15, 2012, IPCDCC entered into a Deed of Assignment of Subscription Rights with IP Ventures, Inc. ("IPVI" a third party Group) whereby IPCDCC assigned all the rights, interests and participation to IPVI. On January 1, 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI.

By virtue of the Deed of Absolute Sale of Share of Stock entered into by IPVI and LRDCSI, LRWC obtained a 57.81% effective interest and control in FCCDCI through its direct subsidiaries FCLRC and LRDCSI at 60% and 20% equity stake in FCCDCI, respectively. Thus, due to the effect of the 20% additional equity interest, FCCDCI is consolidated into the Group effective January 1, 2017.

FCCDCI provides advanced information technology infrastructure services for businesses such as co-location, internet services, connectivity, business continuity and disaster recovery, and managed professional services. Service agreements with the customers are renewable annually. Due to the COVID-19 pandemic, some of the clients of FCCDCI terminated or have not renewed its contract. In addition, FCCDCI granted discounts to some of its customers in April and May 2020.

BBL

On March 15, 2010, the Parent Company 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 Hong Kong and started its operations in March 2012. It is currently non-operational and in the process of liquidation.

Transactions Eliminated on Consolidation

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated. Unrealized gains from transactions with the equity accounted investees are eliminated against the investment to the extent of the Group's interest in investee. Unrealized losses are eliminated in the same way as unrealized gains, to the extent that there is no evidence of impairment.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when:

- it is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realized within twelve months after the financial reporting date; or
- it is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the financial reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial reporting date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities, and net retirement assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

   Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and fair value through profit or loss (FVPL).

   The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest" (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group has cash, receivables, due from related parties, rental deposits and cash performance bonds classified as financial asset at amortized cost. It also has investment in equity securities classified as financial asset at FVOCI. The Group has no financial asset designated as FVPL.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial Assets at Amortized Cost (Debt Instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investment under this category.

Derecognition. A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets. The Group recognized an allowance from expected credit losses (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

For cash in bank and other receivables, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash in bank since initial recognition.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Determining the stage for impairment. At each reporting date, the Group assesses whether there has been a significant increase in credit risk (SICR) for financial assets since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Staging assessment. PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been SICR of a financial asset. Three stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument at the date of initial recognition.

- Stage 2 is comprised of all non-financial instruments which have experienced SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

b. Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans payable, lease liabilities and deposits which are classified as loans and borrowings.

The Group has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included as interest expense in the statement of comprehensive income.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Classification of Financial Instruments between Debt and Equity
A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: (a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer's own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments
Financial assets and liabilities are offset and the net amount is reported in the Group consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all counterparties.

Determination of Fair Value

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, origin the absence of a principal market, or
- In the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Group financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Prepaid Expenses and Other Current Assets

Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operations or expire with the passage of time. These typically comprise prepayments for commissions, taxes and licenses and rental.

Prepaid expenses are classified in the consolidated statements of financial position as current assets when the cost of goods or goods related to the prepaid expenses are expected to be incurred within one year. Otherwise, prepaid expenses are classified as noncurrent assets.

Other current assets represent resources that are expected to be used up within one year after the reporting date. These typically comprise advances to contractors and suppliers, input value-added tax (VAT), playing cards, etc.

Investments and Advances
An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. Significant influence is the power to participate in the financial and operating policies of the investee, but is not control or joint control over those policies.

A joint venture is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions, and over which the parties have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in associates and joint ventures are accounted for using the equity method in the consolidated financial statements. Under the equity method, investments in associates and joint ventures are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the share of net assets, less any impairment in value. When the Group's share of losses exceeds the cost of the investments in associates and joint ventures, the carrying amount of that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates and the joint ventures. The carrying amount of the investments are adjusted to recognize the changes in the Group's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Group's share in profit or loss of associates or joint ventures are recognized as "Equity in net earnings of associates" and "Equity in net earnings of joint ventures" accounts, respectively, in profit or loss. Unrealized gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss with respect to the Group's net investment in the shares of stock of associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments in associates or joint ventures are impaired. If there is such evidence, the Group recalculates the amount of impairment as the difference between the recoverable amount and carrying amount of the investment in shares of stock of associates or joint ventures. Such impairment loss is recognized as part "Equity in net earnings of associates" and "Equity in net earnings of joint ventures" accounts in profit or loss.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in shares of stock of associates or joint ventures upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group normally contributes cash or other resources to the associates and joint ventures. These contributions are included in the accounting records of the Group and recognized in its consolidated financial statements as part of its investments in associates and a joint venture.

Investments and advances also include advances to companies in which the Group has positive intention of taking over these companies or having ownership interest in the future.

Property and Equipment

Property and equipment, except land, is carried at cost less accumulated depreciation and impairment losses, if any. Land is stated at cost less any impairment in value.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing it to working condition and location for its intended use. Subsequent expenditures that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset, in excess of the originally assessed standard of performance, will flow to the Group. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

It is the Group's policy to classify right-of-use assets as part of property and equipment. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation is computed using the straight-line method over the estimated useful life (EUL) of the property and equipment over the following EUL:

	Number of Years
Leasehold improvements	5 years or related lease term whichever is shorter
Aircraft and transportation equipment	5 - 15
Gaming equipment	5
Office furniture and fixtures and equipment	5
Network equipment	10
Condominium unit	25
Airstrip improvements*	10
Right-of-use asset	1 - 25

**Recorded under "Other noncurrent assets" account*

The Group estimates the useful life of its airstrip improvement based on the period over which the asset is expected to be available for use.

The EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from those assets.

When it is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is reflected in the Group's consolidated statement of comprehensive income.

Investment Properties

Investment properties consist of land, land improvements, building, or part of a building or both held to earn long-term rental yields or for capital appreciation or both, and is not occupied by the Group or held for sale in the ordinary course of business.

The Group adopted the fair value model for accounting for its investment properties. Under this method, investment properties are initially measured at cost, including transaction costs, but are subsequently remeasured at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by independent real estate valuation experts using cost approach and sales comparison approach. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment properties are derecognized when either those have been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain and loss on derecognition of investment properties is recognized in profit or loss in the year of derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of the owner occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied properties, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property and equipment up to the date of change in use. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation is transferred to retained earnings.

For those right-of-use assets that qualify as investment properties, i.e., those land and buildings that are subleased by the Group, these are classified under investment properties in accordance with paragraph 48 of PFRS 16. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at fair value.

Lease Rights

The Group's lease rights pertain to acquired rights and interests in the sublease agreement entered upon by the Group. Lease rights are accounted under other noncurrent assets and stated at cost less accumulated amortization and impairment in value, if any. Lease rights are amortized on a straight-line basis over the lease term.

Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Costs and operating expenses" account in the consolidated statement of comprehensive income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the profit or loss.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any NCI in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statement of comprehensive income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statement of comprehensive income.

Goodwill

Goodwill acquired is initially measured as the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the resulting amount is negative (bargain purchase gain), it is recognized immediately in profit or loss. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Bargain purchase gain, which is the excess of the net fair values of acquired identifiable nonmonetary assets of subsidiaries and associates over the cost of acquisition, recognized directly to profit or loss.

When subsidiaries are sold, the difference between the selling price and the subsidiary's net asset plus goodwill associated with the investment are recognized in consolidated statement of comprehensive income.

Impairment of Nonfinancial Assets
The carrying amounts of the Group's nonfinancial assets such as property and equipment and investments and advances and other noncurrent assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized in profit or loss whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

The recoverable amount of a nonfinancial asset is the greater of the asset's fair value less costs to sell (FVLCS) and its value in use (VIU). FVLCS is the amount obtainable from the sale of the asset in an arm's length transaction less costs to sell while VIU is the present value of estimated future cash flows expected to be generated from its disposal at the end of its useful life. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized. Reversals of impairment are recognized in the consolidated statement of comprehensive income.

Capital Stock and Additional Paid-in Capital
Common and preferred shares are classified as equity. Incremental costs directly attributable to the issuance of common and preferred shares are recognized as a deduction from relevant additional paid-in capital, and if none or insufficient, to be deducted from retained earnings, net of any tax effects. Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

Treasury Shares
When share capital is repurchased, the amount of the consideration paid, which includes directly/ attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is transferred to additional paid-in capital, while the resulting deficit is applied against additional paid-in capital and retained earnings, for any excess of deficit over the additional paid-in capital arising from treasury shares transactions. Preferred shares that are redeemed and not cancelled are presented as treasury shares.

Fair Value Reserve
Fair value reserve represents cumulative net change in the fair value of FVOCI, net of tax effect, as at reporting date (see Note 9).

Foreign Currency Translation Reserve
The assets and liabilities of the subsidiary with transactions denominated in currencies other than Philippine peso are translated using the applicable closing exchange rates on the reporting date. The income and expenses of the subsidiary with transactions denominated in currencies other than

Philippine peso are translated using the exchange rates at the date of transactions. Foreign currency differences are recognized in other comprehensive income and accumulated in the "Foreign currency translation reserve" account in the consolidated statements of financial position.

Retained Earnings

Retained earnings represents the cumulative balance of periodic profit/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Dividend distribution to the Parent Company's shareholder is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved and declared by the Parent Company's BOD.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer except for some entities of the Group which act as agent in certain commission revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Electronic Bingo. Revenue from these bingo games are satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues is net of payments and share of machine vendors.

Traditional Bingo, Rapid Bingo and Pull Tabs. Revenue from these bingo games are satisfied at a point in time and are recognized upon sale of bingo cards.

Service and Hosting Fees. Revenue from bandwidth and co-location services are satisfied over time and are recognized as the services are performed. Service fees are satisfied at a point in time and are recognized upon processing of locators' application for a franchise. Hosting fees are satisfied over time and are recognized upon accrual of the gaming levy to locators based on their reported revenue as defined in the license agreement.

Income from junket operations. Income from junket operations is satisfied over time and is recognized when the related services are rendered based on a percentage gross gaming revenue of the junket.

One time set-up charges. The one time set-up charge is recognized over the term of the contract.

Commission Income. Commission income is satisfied over time and is recognized when the related services are rendered based on a percentage of each PeGs' casino winnings.

Other income. Other income comprises miscellaneous income from operations and recognized at a point in time.

The following revenue streams are outside the scope of PFRS 15:

Rent Income. Income is recognized based on the percentage of the net wins (gross wins less payouts).

Interest Income. Interest income is recognized as it accrues in profit or loss using the EIR method.

Contract Balances

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivable. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

Costs and Expenses Recognition
Costs and expenses are decrease in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in profit or loss when they are incurred and are reported in the financial statements in the periods to which they relate.

Payouts represent payments to winners of traditional bingo games. This is recognized as expense upon conclusion of the game.

Leases
Upon adoption of PFRS 16, the determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in "Retail and others" account in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as Lessor. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenues in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Prior to the adoption of PFRS 16, the determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised, or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting will commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. In cases where the Group acts as a lessee, operating lease payments are recognized as expense in the consolidated statement of income on a straight-line basis over the lease term.

Employee Benefits
Short-term Benefits
The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, and other short-term benefits.

Retirement Benefits Liability
The Group's net obligation in respect of its retirement plan is calculated separately by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods and the benefits are discounted to determine its present value. The discount rate is the yield at the reporting date of long-term government bonds that have maturity dates approximating the terms of the Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of reductions in future contributions to the plan.

Remeasurements of the net defined benefit obligation or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), if any, are recognized immediately in OCI. The Group determines the net interest expense or income on the net defined benefit obligation or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit obligation or asset, taking into account any changes in the net defined benefit obligation or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at reporting date.

Income Taxes
Income tax expense comprises of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI, in which case it is recognized directly in equity or OCI.

Current Tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the end of reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and the carry forward tax benefits of the net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on retranslation of financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in OCI.

Foreign Operations

The assets and liabilities of foreign operations are translated to Philippine peso at exchange rates at the reporting date.

Foreign currency difference is recognized in other comprehensive income, and presented in the foreign currency translation gain (Foreign currency translation reserve) in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in OCI related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, relevant proportion of the cumulative amount is reattributed to NCI.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item a-re considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in "Foreign currency translation reserve" in equity.

Segment Reporting

For purposes of management reporting, the Group is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. Such business segments are the bases upon which the Group reports its primary segment information.

Financial information on business segments is presented in Note 23 to the consolidated financial statements. The Group has one geographical segment and derives substantially of its revenues from domestic operations.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is consistent with the computation of the basic earnings per share while giving effect to all dilutive potential common shares, such as the warrants granted, that were outstanding during the period. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares. Where the effect of the warrants is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

Use of Estimates and Judgment
The preparation of the Group's consolidated financial statements in accordance with PFRSs requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. However, uncertainty about these estimates, judgments and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Actual results may differ from these estimates, judgments and assumptions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates and judgments ae revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effects on the amounts recognized in the Group's consolidated financial statements is as follows:

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Assessment of Going Concern. The Group is engaged in gaming and tourism industry related businesses. In addition, the Group's joint venture is involved in the hotel and recreation industry. Due to the COVID-19 outbreak, gaming operations of PAGCOR licensees and hotels were temporarily suspended for the duration of the quarantine. As a result, the Group incurred total comprehensive loss of ₱1,338,718,902 in 2020 and negative operating cash flows of ₱233,636,159 in 2020 resulting in its current liabilities exceeding its current assets by ₱1,748,795,819 as of December 31, 2020. The Group has ongoing plans for suitable financing options.

As at May 30, 2021, the Group has obtained approval from its lenders for the deferral of 2021 principal and interest payments of its currently maturing loans. Moreover, in May 2021, other lenders of the Group provided an extension for the repayment of its principal and interest for at least 12 months and confirmed that the Group is not considered in default (see Note 12).

The Group has also obtained the approval for the discounts requested from some of its major suppliers and lessors in the second quarter of 2021 (see Note 17).

Management believes that considering the progress of the steps undertaken to date, the above financing plans are feasible and will generate sufficient cash flows to enable the Group to meet its obligations when they fall due and address the Group's liquidity requirements to support its operations. Accordingly, the accompanying consolidated financial statements have been prepared on a going concern basis of accounting.

Fair Value Measurement. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

Fair Value of Investment Properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment properties, the appraisers used a valuation technique based on comparable market data available for such property.

The fair values of the investment properties were arrived at using the sales comparison approach for land and cost approach for buildings and land improvements.

The key assumptions used to determine the fair value of these properties are provided in Note 8.

Investment properties amounted to ₱10,058,095,750 and ₱9,773,653,000 as at December 31, 2020 and 2019, respectively. Unrealized gains on changes in fair values of investment properties recognized in profit or loss amounted to ₱282,314,883 in 2020, ₱2,449,424,356 in 2019, and ₱1,329,408,530 in 2018 (see Note 8).

Determination of Lease Term of Contracts with Renewal and Termination Options – Group as a Lessee. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include any renewal and termination options in determining the lease term as these are not reasonably certain to be exercised.

Acquisition Accounting. The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property and equipment, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

As at December 31, 2020 and 2019, the carrying amounts of goodwill arising from business combinations amounted to ₱1,329,092,293 and ₱1,493,884,695, respectively (see Note 10).

Determination and Classification of Joint Arrangement. The Group determines a joint arrangement in accordance with its control over the entity or joint operations rather than its legal form. The Group's investments in joint venture is structured in a separate incorporated entity. The joint venture agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements. The Group has determined its involvement in joint arrangement and determined that its investment is classified as joint venture.

Hotel Enterprises of the Philippines, Inc. (HEPI) - Although the Group has 51% ownership in HEPI, the shareholders' agreement provides for equal representation in the BOD which in substance is similar to a joint venture arrangement.

Distinction Between Investment Property and Property and Equipment. The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Property and equipment generate cash flows that are attributable not only to property but also to the other assets used for administrative purposes and rendition of services.

If the portion cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment. The Group has determined that the land, land improvements and building are investment properties.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of Goodwill. Goodwill is tested for impairment annually. Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

The impairment testing of goodwill utilized significant unobservable inputs (Level 3) to determine the VIU.

The Group performs impairment testing of goodwill annually. The recoverable amount of the cash generating units containing the goodwill is based on the VIU which is determined on discounting the future cash flows to be generated from the continuing use of the cash generating units.

The following are the key assumptions used by the management in the estimation of the recoverable amount:

- *Gross Revenues.* Gross revenues of the Group over the next five (5) years are projected to grow in line with the economy or with the nominal Gross Domestic Product. This assumes that the market share of the subsidiaries in their respective territories will be flat on the assumption that it will also grow at par with the economy.

  The revenue growth rates used for the gross revenues are as follow:

	2020	2019
TGXI	**5%**	5%
BCGLC	**8%**	8%
ABLE and other units	**5%**	5%
FCLRC	**5%**	5%

- *Operating Expenses.* Operating expenses are projected to increase at a single-digit growth rate and at a slower pace than revenue.

- *Discount Rate.* Discount rates are derived from the Group's Weighted Average Cost of Capital (WACC) which is used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, regard has been given to various market information, including, but not limited to, five-year government bond yield, bank lending rates and market risk premium. The post-tax discount rates used are as follow:

	2019	2019
TGXI	**8.36%**	8.53%
BGCLC	**8.36%**	8.53%
ABLE and other units	**8.36%**	8.53%
FCLRC	**8.36%**	8.53%

- *Terminal Growth Rate.* The long-term rate used to extrapolate the cash flow projections of the acquired investments beyond the period covered by the recent budget excludes expansions and possible acquisitions in the future. Management also recognizes the possibility of new entrants, which may have significant impact on existing growth rate assumptions. Management however, believes that new entrants will not have a significant adverse impact on the forecast included in the cash flow projections. The terminal growth rates used in the cash flow projections for all cash generating units are 4.5% in 2020 and 4.7% in 2019.

In view of the community quarantine, the Group's retail and casino sites remain either closed or allowed with limited operating capacity which have significantly impacted the Group's revenues in 2020. Management has considered the impact of the COVID-19 on its calculation of the recoverable amount of its goodwill.

The Group recognized provision for impairment loss on the goodwill of its several bingo sites amounting to ₱164,792,402 in 2020, ₱8,183,009 in 2019 and nil in 2018. As at December 31, 2020 and 2019, the carrying amounts of goodwill amounted to ₱1,329,092,293 and ₱1,493,884,695, respectively (see Note 10).

Definition of Default and Credit-Impaired Financial Assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than 90 days past due on its contractual payments, which is consistent with the Group's definition of default.

- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where: a. The borrower is experiencing financial difficulty or is insolvent; b. The borrower is in breach of financial covenant(s); c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Group's ECL calculation.

Simplified Approach for Trade Receivables and Due from Related Parties. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various patron segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Grouping of instruments for losses measured on collective basis. For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

Macro-economic Forecasts and Forward-looking Information. Macro-economic forecasts is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group did not provide any extension of payment, as a result of the COVID-19 pandemic. Management has considered the impact of the COVID-19 on its ECL calculation and assessed the impact to be not significant.

As at December 31, 2020 and 2019, the aggregate carrying amounts of receivables and due from related parties of the Group amounted to ₱1,804,005,416 and ₱2,002,311,368, respectively (see Notes 5, 9 and 20). As at December 31, 2020 and 2019, the related allowance for ECL on receivables and due from related parties amounted to ₱493,534,727 and ₱248,408,408, respectively (see Note 5).

Estimating Provisions and Contingencies. The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group has several tax cases at the Supreme Court and Court of Tax Appeals. The Group's estimates of the probable costs for the resolution of these cases have been developed in consultation with outside legal counsel handling the prosecution and defense of these matters and are based on an analysis of potential results. The Group currently does not believe that the cases will have a material adverse effect on its consolidated financial statements. It is possible, however, that the future consolidated financial statements could be materially affected by changes in the estimates or in the effectiveness of strategies relating to its proceeding. As such, the Group has not recognized any provision as at December 31, 2020 and 2019 (see Note 24).

Leases - Estimating the IBR. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Company's lease liabilities amounted to ₱815,841,312 and ₱781,776,527 as at December 31, 2020 and 2019, respectively (see Note 17).

Impairment Losses of Nonfinancial Assets Other than Goodwill. The Group assesses impairment on nonfinancial assets such as property and equipment, investments and advances, airstrip improvements and lease rights when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

a. *Property and equipment*

The Group assess impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. In view of the community quarantine, the Group's retail and casino sites remain either closed or allowed with limited operating capacity which have significantly impacted the Group's revenue. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the Group's property and equipment.

For the Group's impaired property and equipment, the Group determined that the VIU of these assets is zero since these assets pertain to non-movable assets of its closed sites with no expected future cashflows. Management assessed that any scrap value (FVLCS) is not material.

Based on the assessment, the Group recognized impairment loss on its property and equipment amounting to ₱18,333,260 in 2020 and nil in 2019 and 2018. The carrying value of the Group's property and equipment amounted to ₱1,568,544,893 and ₱1,964,516,238 as at December 31, 2020 and 2019, respectively (see Note 7).

b. *Investment in joint venture*

The Group assess impairment of investments in joint venture whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The factors that the Group consider important, which could trigger an impairment review include the following:

- a downgrade of joint venture's credit rating or a decline in the fair value of the associate or joint venture in consideration of other available information
- significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the joint venture operates

In view of the continuing community quarantines and restricted travel, HEPI continuously affected by the lower number of guests and reduced room rates, both of which have significantly impacted the Group's share in net losses of HEPI. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the Group's investment in HEPI.

The Group determined that the recoverable amount of its investment in HEPI based on VIU calculation using cashflow projection from financial budgets as approved by management. The Group applied a post-tax discount rate of 8.36% on the cash flow projections.

The key assumptions used by the management in the estimation of the recoverable amount in 2020 are as follows:

- Revenue growth rate - growth rates are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates. Growth rate used in the projected future cash flows was 7% from 2021 to 2025.

- Long-term growth rate - Rates are based on published industry research. Management recognizes that the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonable possible alternative to the estimated long-term growth rate of 4.5%.

Based on the above impairment assessment, the recoverable amount of the investment in HEPI exceeded its carrying amount, thus, no impairment loss was recognized in 2020. The carrying value of the Group's investment in HEPI amounted to ₱1,097,613,078 and ₱1,200,053,085 as at December 31, 2020 and 2019, respectively (see Note 9).

As at December 31, 2020 and 2019, allowance for impairment loss on investments and advances amounted to ₱347,267,356 and ₱225,218,314, respectively (see Note 9).

c. *Other non-financial assets (Airstrip improvements, lease rights, creditable withholding tax (CWT) and input VAT)*

For input VAT, the Group recognized impairment loss of ₱31,343,106 in 2020, ₱100,472,955 in 2019 and ₱111,865,997 in 2018 since the Group does not have sufficient output VAT to utilize this as most of the revenue activities are subject to franchise tax. As at December 31, 2020 and 2019, the Group's allowance for input VAT amounted to ₱243,682,058 and ₱212,338,952, respectively (see Notes 6 and 11).

For CWT, the Group recognized impairment loss of ₱3,623,281 in 2020, ₱28,018,009 in 2019 and nil in 2018 since the Group has no forecasted taxable income where these CWTs can be utilized (see Notes 6 and 11).

There are no impairment indicators identified for the Group's airstrip improvements and lease rights for the years ended December 31, 2020, 2019 and 2018.

As at December 31, 2020 and 2019, the following are the carrying amounts of the Group's nonfinancial assets other than goodwill:

	Note	**2020**	2019
Property and equipment - net	*7*	**₱1,568,544,893**	₱1,964,516,238
Investments and advances - net	*9*	**2,190,594,760**	2,289,115,560
Airstrip improvements - net*	*11*	**27,907,520**	31,000,512
Lease rights - net	*11*	**–**	18,998,422
Input VAT - net	*6, 11*	**27,772,590**	23,297,299
CWT	*6*	**13,724,270**	16,357,496

**Recorded under "Other noncurrent assets" account in the consolidated statement of financial position.*

Estimating Retirement Benefits Liability. The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

As at December 31, 2020 and 2019, retirement benefits liability amounted to ₱146,808,654 and ₱180,338,178, respectively (see Note 18).

Estimating Realizability of Deferred Tax Assets. The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of the temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

As at December 31, 2020 and 2019, the Group recognized deferred tax assets amounted to nil and ₱20,476, respectively and the Group's unrecognized deferred tax assets amounted to ₱568,851,022and ₱621,928,060 , respectively (see Note 21).

4. Cash and Cash Equivalents

	2020	2019
Cash in banks	₱277,774,777	₱2,470,113,025
Cash on hand and payout fund	92,459,872	88,532,255
Cash equivalents	3,739,651	–
	₱373,974,300	₱2,558,645,280

Cash in banks earn interest at the respective bank deposit rates. Interest income recognized amounted to ₱2,846,356 in 2020, ₱4,169,920 in 2019, and ₱1,396,080 in 2018 (see Note 19).

Payout fund pertains to the cash held by the cashier which is intended to pay for the prizes of the winners of each traditional bingo game. This is replenished on a daily basis.

Cash equivalents are made for varying periods of up to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

5. Receivables - net

	Note	2020	2019
Trade receivables		₱1,000,444,386	₱1,031,849,278
Advances to third parties		157,581,974	165,968,773
Marketing support fund		103,722,826	77,000,000
Advances to Pacific Visionary (Pacific)		94,139,697	94,139,697
Receivable from sale of the aircraft	*7, 12*	72,973,163	–
Advances to stockholders		53,322,344	54,599,862
Current portion of:			
Advances to Binondo Leisure Resources, Inc. (BLRI)	*9*	49,000,000	31,000,000
Receivable from Total Consolidated Asset Management, Inc. (TCAMI)	*9*	29,453,790	50,000,000
Receivables from concessionaires		11,262,736	11,262,736
Others		39,132,552	21,749,923
		1,611,033,468	1,537,570,269
Less allowance for expected credit loss		493,534,727	248,408,408
		₱1,117,498,741	₱1,289,161,861

The movements in allowance for ECL in 2020 and 2019 are as follows:

	2020	2019
Balance at beginning of year	₱248,408,408	₱240,873,866
Provisions during the year	234,837,223	7,534,542
Write-off	10,289,096	–
Balance at end of year	₱493,534,727	₱248,408,408

Trade receivables

Trade receivables are unsecured, noninterest-bearing and collectible within 30 days.

Advances to third parties
Advances to third parties consist mainly of funds provided to a future project reimbursable from the project partner. These advances are noninterest-bearing, unsecured and collectible on demand.

Marketing support fund
Marketing support fund pertains to the reimbursable advances made by the Group for the promotional activities relating to e-bingo machine and e-games platform provider.

Advances to Pacific
These are cash advances provided to Pacific for the purpose of securing leased premises for the operation of a VIP Club by PAGCOR. The advances are unsecured and non-interest bearing which was initially due on or before December 31, 2019. The parties subsequently agreed to extend loan repayment for an additional period of one (1) year from December 31, 2019, or until December 31, 2020.

The Group recognized allowance for ECL amounting to ₱94,139,697 in 2020.

Advances to stockholders
Advances to stockholders are unsecured, noninterest-bearing advances and collectible on demand.

Receivable from TCAMI
This is the current portion of the receivable from TCAMI related to the sale of the Group's 50% shares in TechZone Philippines, Inc. (see Notes 9 and 20).

Others
Other receivables also include cash advances made to companies which are engaged in similar gaming and amusement activities as the Group. Receivables from these companies represent noninterest-bearing and unsecured advances for working capital purposes that are due within one year.

6. Prepaid Expenses and Other Current Assets

	2020	2019
Input VAT	**₱231,984,639**	₱204,737,480
Prepaid expenses	**66,234,213**	73,164,047
Advances to officers and employees	**49,637,338**	38,324,531
Advances to contractors and suppliers	**20,967,084**	25,251,951
CWT	**13,724,270**	16,357,496
Accrued rent income	**12,118,531**	10,623,376
Others	**2,908,766**	2,988,230
	397,574,841	371,447,111
Allowance for non-recoverable input VAT	**(231,048,271)**	(201,540,955)
	₱166,526,570	₱169,906,156

Prepaid expenses consist of prepaid taxes, prepaid rent, prepaid insurance on property and equipment, health care benefits of employees and advances for consultancy and professional services.

Advances to officers and employees are noninterest-bearing, unsecured and subject to liquidation within 12 months from the date granted or collectible in cash upon demand.

Advances to contractors and suppliers are down payment to vendors that will be applied against future deliveries of goods and performance of services.

Accrued rent income pertains to the amount of rent that has been earned based on the straight-line method of accounting for operating leases.

The movements in allowance for impairment for input VAT in 2020 and 2019 are as follows:

	2020	2019
Balance at beginning of year	**₱201,540,955**	₱111,865,997
Provisions during the year	**29,507,316**	89,674,958
Balance at end of year	**₱231,048,271**	₱201,540,955

7. Property and Equipment

	Land	Leasehold Improvements	Aircraft and Transportation Equipment (Notes 12 and 13)	Gaming Equipment	Office Furniture, Fixtures and Equipment	Network Equipment	Condominium Unit	Right-of-use Asset – office space (see Note 17)	Total
Cost									
December 31, 2018	₱814,000	₱1,372,329,475	₱527,953,626	₱998,531,929	₱682,363,493	₱348,746,971	₱7,146,816	₱619,549,380	₱4,557,435,690
Additions	–	61,079,064	–	84,659,710	42,257,744	203,882	–	252,163,382	440,363,782
Retirement/reclassification	–	–	(10,006,004)	–	–	–	–	–	(10,006,004)
December 31, 2019	814,000	1,433,408,539	517,947,622	1,083,191,639	724,621,237	348,950,853	7,146,816	871,712,762	4,987,793,468
Additions	–	13,762,277	–	19,219,518	4,937,242	–	–	326,183,585	364,102,622
Reclassification	–	–	–	–	–	–	–	19,284,318	19,284,318
Disposal	–	–	(233,299,925)	–	–	–	–	(102,866,295)	(336,166,220)
Derecognition	–	(51,598,723)	–	(470,252)	(2,339,841)	–	–	(27,743,873)	(82,152,689)
December 31, 2020	814,000	1,395,572,093	284,647,697	1,101,940,905	727,218,638	348,950,853	7,146,816	1,086,570,497	4,952,861,499
Accumulated Depreciation and Amortization									
December 31, 2018	–	1,127,770,320	206,939,204	304,928,920	549,814,289	169,033,111	5,696,019	–	2,364,181,863
Depreciation and amortization	–	154,476,178	42,252,211	102,769,209	97,443,036	29,323,230	201,727	237,323,836	663,789,427
Retirement/reclassification	–	–	(4,694,060)	–	–	–	–	–	(4,694,060)
December 31, 2019	–	1,282,246,498	244,497,355	407,698,129	647,257,325	198,356,341	5,897,746	237,323,836	3,023,277,230
Depreciation and amortization	–	84,294,239	38,687,851	98,875,985	61,378,021	27,427,390	201,727	220,332,029	531,197,242
Lease concession	–	–	–	–	–	–	–	79,452,376	79,452,376
Reclassification	–	–	–	–	–	–	–	–	–
Disposal	–	–	(82,924,518)	–	–	–	–	(102,866,295)	(185,790,813)
Derecognition	–	(47,798,475)	–	(235,807)	(703,612)	–	–	(15,081,535)	(63,819,429)
December 31, 2020	–	1,318,742,262	200,260,688	506,338,307	707,931,734	225,783,731	6,099,473	419,160,411	3,384,316,606
Net Book Value									
December 31, 2019	₱814,000	₱151,162,041	₱273,450,267	₱675,493,510	₱77,363,912	₱150,594,512	₱1,249,070	₱634,388,926	₱1,964,516,238
December 31, 2020	**₱814,000**	**₱76,829,831**	**₱84,387,009**	**₱595,602,598**	**₱19,286,904**	**₱123,167,122**	**₱1,047,343**	**₱667,410,086**	**₱1,568,544,893**

Certain assets under aircraft and transportation equipment with carrying amount of ₱6,213,000 and ₱220,517,886 as at December 31, 2020 and 2019, respectively, are mortgaged to loans (see Note 12).

On December 9, 2020, the Group entered into a Deed of Absolute Sale with Hashcloud, Inc. on the sale of its aircraft for $2,000,000, which resulted to a loss of ₱52,328,983 presented as "Loss on sale on an asset/investment - net" in the consolidated statements of comprehensive income. As at December 31, 2020, unpaid portion of the purchase price amounted to ₱72,973,163 (see Note 5).

In 2020, the Group entered into several Deed of Absolute Sale for the sale of some of the company cars. Total purchase price amounted to ₱5,270,000. This resulted to a gain of ₱4,894,770 presented as "Loss on sale on an asset/investment - net" in the consolidated statements of comprehensive income.

The Group closed some of its bingo halls as a direct effect on the operations due to the COVID-19 pandemic. The net book value of the related property and equipment of the closed bingo halls was impaired in 2020 amounting to ₱18,333,260 presented under "Impairment loss on non-financial assets" in the consolidated statements of comprehensive income.

8. Investment Properties

	Land	Land Improvements	Building	Right-of-Use Asset	Total
January 1, 2019	₱7,051,496,205	₱16,345,000	₱238,847,222	₱125,628,015	₱7,432,316,442
Additions	17,442,217	98,000	–	–	17,540,217
Amortization of right-of-use assets	–	–	–	(1,709,517)	(1,709,517)
Derecognition (Note 17)	–	–	–	(123,918,498)	(123,918,498)
Unrealized gains (loss) on changes in fair values of investment properties	2,458,640,578	(346,000)	(8,870,222)	–	2,449,424,356
December 31, 2019	9,527,579,000	16,097,000	229,977,000	–	9,773,653,000
Additions	2,127,867	–	–	–	2,127,867
Unrealized gains (loss) on changes in fair values of investment properties	287,731,883	–	(5,417,000)	–	282,314,883
December 31, 2020	**₱9,817,438,750**	**₱16,097,000**	**₱224,560,000**	**₱–**	**₱10,058,095,750**

As at December 31, 2020 and 2019, the estimated fair value of land and land improvements in Boracay amounted to ₱8,729,162,000 and ₱8,516,258,000, respectively. The estimated fair value of the parcels of land in CSEZFP amounted to ₱1,088,374,750 and ₱1,011,419,000 as at December 31, 2020 and 2019, respectively.

Unrealized gains on changes in fair values of investment properties recognized amounted to ₱282,314,883 in 2020, ₱2,449,424,356 in 2019, ₱1,329,408,530 in 2018.

The following table provides the fair value hierarchy of the Group's investment properties as at December 31, 2020 and 2019:

	Fair value Hierarchy	2020	2019
Land	Level 3	**₱9,817,438,750**	₱9,527,579,000
Building	Level 3	**224,560,000**	229,977,000
Land improvements	Level 3	**16,097,000**	16,097,000
		₱10,058,095,750	₱9,773,653,000

The Group's investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraiser.

Valuation Techniques and Significant Unobservable Inputs. The fair values of the investment properties were arrived at using the sales comparison approach for land in Cagayan, market approach for land in Boracay and cost approach for buildings and land improvements.

Sales comparison approach is an approach that considers available market evidences. The aforesaid approach is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. The unobservable inputs to determine the market value of the property are the following: location characteristics, size, improvements and developments, and time element.

Market approach is an approach that considers the value of the land based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The appraiser's comparison was premised on the factors of location, size and shape of the lot, time element, and others.

Cost approach is an approach that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The appraiser particularly used the reproduction cost (New) less depreciation. In the context of the valuation, the depreciation refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration and functional, and economic obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available.

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the investments properties to exceed the recoverable amount.

Rental income and direct costs attributable to rental income on investment properties are as follows:

	2020	2019	2018
Rental income	**₱28,488,339**	₱26,121,174	₱25,416,844
Direct costs	**19,086,373**	10,644,014	24,889,917

Rental income from investment properties are included under "Rent income" account in profit or loss. Direct costs attributable to rental income on investment properties arises from amortization, repairs and maintenance, real property tax and rent expense.

Noncash Investing Activity

The Company has unpaid acquisitions of investment properties amounting to nil and ₱33,369,120 as at December 31, 2020 and 2019, respectively, which are included under "Trade and other payables" account in the consolidated statement of financial position.

9. Investments and Advances, Noncurrent Receivables and Financial Assets at FVOCI

Investments and Advances

	Percentage of Ownership	2020	Percentage of Ownership	2019
Investments				
Associates:				
BLRI				
Preferred shares		**₱20,000,000**		₱20,000,000
Common shares	**30%**	**1,200,000**	30%	1,200,000
Techzone Philippines, Inc. (Techzone)				
Common shares	**0%**	**–**	0%	–
Insular Gaming Corp. (Insular)				
Common shares	**40%**	**199,800**	40%	199,800
		21,399,800		21,399,800
Accumulated equity in net earnings:				
Balance at beginning of year		**948,502**		1,958,976,426
Share in net earnings (loss) of associates		**(713,720)**		91,601,846
Sale of investment in TechZone		**–**		(2,049,629,770)
		234,782		948,502
Balance at end of year		**21,634,582**		22,348,302
Joint Ventures				
HEPI	**51%**	**750,938,000**	51%	750,938,000
Accumulated equity in net income:				
Balance at beginning of year		**449,115,085**		300,107,396
Share in net income (loss) from HEPI		**(102,440,007)**		149,007,689
		346,675,078		449,115,085
Balance at end of year		**1,097,613,078**		1,200,053,085
Advances				
Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC)		**1,025,708,385**		1,017,390,583
Land owners		**35,570,338**		35,570,338
AB Fiber Corp.		**31,696,665**		31,696,665
Eco Leisure		**26,136,049**		26,136,049
Others		**182,728,427**		180,582,152
		1,301,839,864		1,291,375,787
Allowance for impairment losses		**(231,049,464)**		(225,218,314)
		1,070,790,400		1,066,157,473
		2,190,038,060		2,288,558,860
Other investments - at cost		**556,700**		556,700
		₱2,190,594,760		₱2,289,115,560

BLRI. BLRI is a 30%-owned associate of LRWC. BLRI was incorporated in the Philippines and is engaged in the hotel and recreation business. It started commercial operations in August 2003.

On January 31, 2008, a provisional Grant of Authority was received by BLRI from PAGCOR to operate a Bingo Boutique to cover traditional, electronic and new rapid bingo operations and distribution/selling of pull tabs or break-open cards at the Binondo Suites Manila. On October 24, 2008, BLRI's bingo boutique started its commercial operations. In 2010, BLRI ceased its bingo boutique operations and entered into an operating lease agreement with PAGCOR as a lessor for the use of its gaming facilities and to Dragon Enterprises, Inc. for its store space. In 2014, BLRI ceased its hotel operations and entered into an additional operating lease agreement as a lessor with Chinatown Lai Lai Hotel, Inc.

LRWC recognized its share in net loss of BLRI up to the extent of investment cost. Unrecognized accumulated equity in net loss of BLRI amounted to ₱26,409,942, ₱27,065,669 and ₱27,965,303 as at December 31, 2020, 2019 and 2018, respectively. The Group also recognized an allowance on the investment in BLRI amounting to ₱21,200,000 as at December 31, 2020 and 2019.

The summarized financial information of BLRI and the reconciliation of the presented summary of information to the carrying amounts of its interest in an associate are as follows:

	2020	2019
Current assets	**₱29,594,087**	₱29,910,092
Noncurrent assets	**758,080**	14,322,996
Current liabilities	**(154,191,341)**	(170,258,018)
Noncurrent liabilities	**(10,860,633)**	(10,860,633)
Total net liabilities	**(134,699,807)**	(136,885,563)
Investment in preferred shares	**20,000,000**	20,000,000
Equity attributable to common shares	**(154,699,807)**	(156,885,563)
Group's share in net assets	**(46,409,942)**	(47,065,669)
Accumulated recognized share in net losses as at end of year for preferred shares	**20,000,000**	20,000,000
Accumulated unrecognized share in net losses as at end of year	**26,409,942**	27,065,669
Carrying amount of interest in an associate	**₱–**	₱–
Net income/total comprehensive income	**₱2,185,757**	₱2,998,779
Group's unrecognized share of total comprehensive income	**₱655,727**	₱899,634

Techzone. Techzone is a 50%-owned associate of LRLDI. Techzone was incorporated in the Philippines on April 16, 2012 and started its commercial operation on the same date. Techzone is engaged in the acquisition, lease, donation, etc. of real estate of all kinds.

Insular. Insular is a 40%-owned associate of ABLE. Insular was incorporated in the Philippines and is engaged in providing amusement and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

The summarized financial information of Insular and the reconciliation of the presented summary of information to the carrying amounts of its interest in an associate are as follows:

	2020	2019
Current assets	**₱24,499,392**	₱7,426,319
Noncurrent assets	**3,163,297**	3,385,510
Current liabilities	**(24,957,108)**	(6,321,949)
Total net assets	**2,705,581**	4,489,880
Carrying amount of interest in an associate	**₱1,082,232**	₱1,795,952
Net income (loss)/total comprehensive income (loss)	**(₱1,784,299)**	₱3,556,516
Group's share of total comprehensive income (loss)	**(₱713,720)**	₱1,422,606

HEPI. HEPI is a 51%-owned joint venture between LRWC and Eco Leisure. HEPI is engaged in the hotel and recreation business. The management, supervision and control of the operations, property and affairs of HEPI are vested in its BOD which consists of three (3) directors each from LRWC and Eco Leisure, and one (1) independent director nominated by both parties. Any decision is subject for approval of LRWC and Eco Leisure, and each party cannot direct decision on their own.

On March 10, 2016, the Amended Articles of Incorporation of HEPI amending Article II Primary Purpose, Article IV extending the term of the corporate existence of HEPI to another fifty (50) years from July 30, 2012.

In view of the continuing community quarantines and restricted travel, HEPI is continuously affected by the lower number of guests and reduced room rates which significantly impacted the Group's share in net losses of HEPI. The Group determined this as an indicator of impairment and accordingly performed impairment assessment for its investment in HEPI. Based on the impairment assessment, the recoverable amount of the investment in HEPI exceeded its carrying amount, thus, no impairment loss was recognized (see Note 3).

The summarized financial information of HEPI and the reconciliation of the presented summary of information to the carrying amounts of its interest in a joint venture are as follows:

	2020	2019
Current assets***	**₱797,088,759**	₱748,731,152
Noncurrent assets	**2,846,738,285**	3,009,414,434
Current liabilities**	**(816,825,542)**	(856,281,907)
Noncurrent liabilities*	**(990,595,582)**	(1,014,649,205)
Total net assets	**1,836,405,920**	1,887,214,474
Other comprehensive income	**(1,302,772,341)**	(1,152,718,137)
Total net assets after adjustment	**533,633,579**	734,496,337
Share in net assets	**272,153,125**	374,593,132
Premium on acquisition	**825,459,953**	825,459,953
Carrying amount of interest in a joint venture	**₱1,097,613,078**	₱1,200,053,085

**Including cash of ₱15,322,712 in 2020 and ₱56,285,665 in 2019*
***Including current financial liabilities excluding trade and other payables of ₱193,275,413 in 2020 and ₱234,166,313 in 2019*
****Including noncurrent financial liabilities of ₱557,010,568 in 2020 and ₱556,948,400 in 2019*

	2020	2019
Revenues	**₱150,377,420**	₱747,101,225
Net income (loss)/total comprehensive income (loss)	**(200,862,759)**	292,171,939
Parent Company's share of total comprehensive income	**₱102,440,007**	149,007,689

Advances to Eco Leisure. The advances is in relation to the joint venture agreement between Eco Leisure and LRWC. The advances are unsecured, noninterest-bearing and due upon demand but not expected to be settled with one year.

The advances to Eco Leisure was fully provided with a valuation allowance amounting to ₱26,136,049 as at December 31, 2020 and 2019.

FCCDCI. FCCDI is a joint venture corporation was formed to engage in the business of information technology such as IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution, premium dial up access, voice over internet protocol, IP-wide area network services and other value-added services. Presently, FCCDCI provides a range of services to Internet Gaming Operators at the CSEZFP for a fee.

FCCDCI commenced its commercial operations on January 1, 2008, thus, since then, FCLRC's statement of income includes 60% equity in net earnings from FCCDCI.

On January 1, 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI with a par and issue value of P1 for a total consideration of P16,400,000 to LRDCSI.

The Group consolidated FCCDCI effective January 1, 2017 following the acquisition of LRDSCI of 20% ownership in FCCDCI. As a result, the Group's ownership interest in FCCDCI increased to P57.81% and total investments in joint ventures amounting to ₱67,858,127 were derecognized. The consolidation of FCCDCI in the Group resulted in recognition of non-controlling interest amounting to ₱39,656,055.

FCCDCI and LRDCSI provide advanced information technology infrastructure services for businesses such as co-location, internet services, connectivity, business continuity and disaster recovery, and managed professional services. Service agreements with the customers are renewable annually, and require a security deposit equivalent to one to two months of current service or recurring fees. The security deposit is forfeited in favor of FCCDCI and LRDCSI in the event the customer pre-terminates the agreement without cause or when FCCDCI and LRDCSI exercise its right to terminate the agreement.

The Group recognized service fees from FCCDCI and LRDCSI amounting to ₱454,587,196 in 2020, ₱621,372,578 in 2019, and ₱658,865,730 in 2018, which is included under "Service and hosting fee" account in the consolidated statement of income. As at December 31, 2020 and 2019, customers' deposits from FCCDCI and LRDCSI included under "Deposits" and "Trade and other Payables" accounts in the consolidated statements of financial position amounted to ₱90,140,162 and ₱97,032,800, respectively.

FCCDCI and LRDSCI have a service agreement for bandwidth and co-location, including hosting and internet connection with IPCDCC. The Group recognized the amount of bandwidth and co-location costs in the consolidated statement of comprehensive income amounting to ₱358,731,166 in 2020, ₱493,383,741 in 2019, and ₱563,002,838 in 2018.

Advances to CPVDC and CLPDC. This account pertains to the noninterest-bearing, demandable advances made by LRLDI to CPVDC and CLPDC to finance the construction and development of the Cagayan Special Economic Zone and Freeport (CSEZFP) Airport in Cagayan. CPVDC is a joint venture formed by CLPDC and Cagayan Economic Zone Authority (CEZA). CPVDC and CLPDC are incorporated in the Philippines.

The agreement among LRLDI, CPVDC and CLPDC provides for the following terms and conditions:

a. 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 amount of ₱700,000,000. CPVDC shall only use the advances to finance its capital expenditures and working capital requirements related to the construction, development of the airport;

b. 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;

c. CLPDC acknowledges and agrees that the advances will be directly received by CPVDC; and

d. 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 was completed in 2014 and was upgraded in 2017. Upon submission of all the requirements needed by the Civil Aviation Authority of the Philippines, the airport received its first commercial flight in March 2018.

As at December 31, 2020, CLPDC and LRLDI have not executed the separate agreement mentioned above. The Group intends to convert the advances into shares of stocks upon consolidation and issuance of land titles.

The advances to CLPDC and CPVDC, including the land transferred to investment properties account and the land committed where the airport was built, is part of the investments committed in the Master Development Plan under the license agreement (see Note 16).

Advances to AB Fiber Corp. On December 8, 2011, the Group entered into an agreement with AB Fiber Corp. for the subscription of 90,000 shares. In relation to this, deposits for future stock subscriptions were made by FCLRC amounting to ₱9,000,000 as at December 31, 2020 and 2019.

Other advances to AB Fiber Corp. amounting to ₱22,696,665 as at December 31, 2020 and 2019 are non-interest bearing, unsecured and are settled upon demand.

Others. The Group recognized additional impairment loss for advances to others amounting to ₱5,831,150 in 2020 and ₱102,881,439 in 2019.

Noncurrent receivables
This account consists of receivables from the following:

	Note	**2020**	2019
TCAMI		**₱531,506,675**	₱558,149,507
BLRI		**124,371,498**	124,371,498
		655,878,173	682,521,005
Less current portion	*5*	**78,453,790**	81,000,000
		₱577,424,383	₱601,521,005

TCAMI. On November 4, 2019, the Group entered in a Deed of Absolute sale with TCAMI (see Note 20) for the sale of the Group's 50% share in TechZone Philippines, Inc. for a total consideration of ₱1,750,000,000 of which ₱1,000,000,000 was paid in cash while the remaining balance of ₱750,000,000 is payable in 10 years with no interest. This transaction resulted to the derecognition of the Group's investment in TechZone and recognition of loss on sale of an investment amounting to ₱741,480,264 in the 2019 consolidated statement of comprehensive income.

In 2019, the receivable from TCAMI of ₱700,000,000, net of current portion amounting ₱50,000,0000, was discounted using risk free rate of 4.63% (see Note 5). As at December 31, 2020 and 2019, the present value of the receivable from TCAMI amounted to ₱502,052,885 and ₱508,149,507 and is shown separately in the 2020 consolidated statement of financial position of the outstanding amount is recorded under "Noncurrent asset" in the consolidated statement of financial position.

In 2020, the Group recognized interest income on receivables from TCAMI amounting to ₱23,357,168 (see Note 19).

BLRI. In 2018, the Group and BLRI entered into a memorandum of agreement for the payment of latter's advances. The agreements provides for, among others, the commitment of BLRI to pay annually an amount of ₱18,000,000 from all rental payments received in a year, until the balance of the advances have been paid off. The Group received payment of nil in 2020 and ₱5,000,000 in 2019.

As at December 31, 2020 and 2019, allowance for ECL amounted to ₱22,078,195 and nil, respectively (see Note 5).

Reclassification. In 2020, the Group reclassified certain advances to receivables based on its terms and conditions. The 2019 balances were reclassified to conform to the 2020 presentation. Such reclassification is not material to the 2019 consolidated financial statements.

FVOCI

In 2014, the Parent Company acquired 1,093,000 shares of DFNN at a cost of ₱7,436,620.

On August 13, 2015, the LRWC's advances to DFNN of ₱86,000,000 have been converted into 18,105,263 common shares of DFNN while the accumulated interest earned of ₱12,690,971, from date of Conversion Notice to the date of conversion, have been converted into 2,671,783 common shares of DFNN on October 30, 2015. The fair value of ₱18,105,263 and ₱2,671,783 common shares as at the date of conversion were ₱5.15 and ₱6.04 per share, respectively.

The conversion resulted to 8.76% equity ownership of LRWC over DFNN. As management does not intend to hold the investment for trading, the total converted amount of ₱98,690,971 has been classified as "financial assets at FVOCI" account in the consolidated statements of financial position as at December 31, 2020 and 2019.

As at December 31, 2020 and 2019, the carrying value of the Group's FVOCI are as follows:

	2020	2019
Balance at beginning of year	**₱106,725,824**	₱168,180,654
Unrealized gain (loss) during the year	**5,904,912**	(61,454,830)
Balance at end of year	**₱112,630,736**	₱106,725,824

The market prices of DFNN common shares as at December 31, 2020 and 2019 is ₱5.15 and ₱4.88, respectively.

10. Business Combination and Goodwill

Goodwill from business acquisitions within the Group are as follows:

	2020	2019
Cost:		
TGXI	**₱598,273,933**	₱598,273,933
ABLE and other bingo units:		
ABLE Parent	**415,723,887**	415,723,887
Topnotch	**163,835,800**	163,835,800
Others*	**145,701,876**	145,701,876
BCGLC	**149,858,702**	149,858,702
FCLRC	**28,673,506**	28,673,506
	1,502,067,704	1,502,067,704
Accumulated impairment loss:		
Balance at beginning of year	**8,183,009**	–
Provision for impairment loss	**164,792,402**	8,183,009
	172,975,411	8,183,009
Balance at end of year	**₱1,329,092,293**	₱1,493,884,695

**Various bingo entities which the goodwill is individually insignificant.*

The Group recognized an allowance for impairment loss on the goodwill of its several bingo units amounting to ₱164,792,402 in 2020 and ₱8,183,009 in 2019.

The goodwill from the acquisitions have been subjected to the annual impairment review in 2020 and 2019. The recoverable amounts of the operations is based on VIU calculation using the cash flow projections approved by management. The cash flow projections cover five years from the date of impairment review.

The recoverable amount of goodwill from the acquisitions of the bingo units was determined based on VIU calculations using actual past results and observable market data such as growth rates, among others. The onset of the COVID-19 pandemic has heavily impacted the bingo operations of the Group, with this, the computed carrying amount of the goodwill and cash generating unit to which the goodwill to relates exceeded its recoverable amount.

11. Other Noncurrent Assets

	Note	**2020**	2019
Rental deposits	*17*	**₱442,854,472**	₱432,823,436
Cash performance bonds	*15*	**306,450,000**	298,950,000
Cash in bank - restricted	*12*	**91,313,591**	69,092,789
Premium on group pension plan		**42,336,018**	42,336,018
Airstrip improvements - net	*16*	**27,907,520**	31,000,512
Performance cash deposits and betting credit funds		**32,450,000**	32,450,000
Input VAT		**39,470,009**	30,898,771

(Forward)

	Note	**2020**	2019
Lease rights		-	18,998,422
Utility and construction bond		**₱5,240,206**	₱4,153,613
Others		**70,520,967**	77,153,613
		1,058,542,783	1,037,857,174
Allowance for non-recoverable input VAT		**(12,633,787)**	(10,797,997)
Allowance for non-recoverable CWT		**(31,641,290)**	(28,018,009)
		₱1,014,267,706	₱999,041,168

Cash Performance Bonds
Cash performance bonds pertain to surety bonds deposited with PAGCOR which are refundable at the end of the period covered by the License (see Note 15).

Airstrip Improvements

Cost	**₱103,099,734**
Accumulated Depreciation	
January 1, 2019	69,006,230
Depreciation	3,092,992
December 31, 2019	72,099,222
Depreciation	3,092,992
December 31, 2020	**75,192,214**
Carrying Amount	
December 31, 2019	₱31,000,512
December 31, 2020	**₱27,907,520**

Performance Cash Deposits and Betting Credit Funds
PAGCOR granted TGXI the privilege to establish, install, maintain, and operate PeGS. For each PeGS, TGXI has a performance cash deposits with PAGCOR amounting to ₱100,000 and maintains betting credit funds amounting to ₱100,000. Performance cash deposits and betting credit funds are posted through Philweb Corporation (Philweb).

As at December 31, 2020 and 2019, performance cash deposits and betting credit funds amounting to ₱32,450,000 are reimbursable to Inter-active Entertainment Solutions Technology (IEST), one of TGXI's existing service provider.

Others
Others consist of land held for contribution and creditable withholding tax. Land held for contribution pertains to parcels of land named to the Group where the CZEZFP Airport in Cagayan will be built. The Group intends to convert its advances to CLPDC which it will eventually contribute the parcels of land to CPVDC.

In 2020, the Group recognized impairment on input VAT and CWT amounting to ₱1,835,790 and ₱3,623,281, respectively. In 2019, the Group recognized impairment on input VAT and CWT amounting to ₱10,797,997 and ₱28,018,009, respectively.

12. Loans Payable

Entity	Note	Lender	Year	Short Term Loan	Long Term Loan: Current Portion	Long Term Loan: Noncurrent Portion	Interest	Maturity
AB Leisure Global, Inc. (ABLGI)	a	**BDO**	**2020**	**₱–**	**₱–**	**₱2,228,663,172**	**3.90%**	**November 2017 – January 2023**
			2019	–	–	2,467,530,914	5.75%	November 2017 – November 2022
Leisure and Resorts World Corporation (LRWC)	b, c	**AUB**	**2020**	**139,000,000**	**149,066,380**	**–**	**6.58%**	**February 2019 - November 2021**
			2019	140,500,000	142,396,435	37,266,595	6.25%	February 2019 - February 2021
First Cagayan Leisure and Resort Corporation (FCLRC)	d	**BDO**	**2020**	**–**	**–**	**–**	**–**	
			2019	–	35,088,186	–	6.00%	September 2015 – November 2020
AB Leisure Exponent, Inc. (ABLE)	e	**UBP**	**2020**	**–**	**–**	**–**	**–**	
			2019	–	350,203	–	8.11%	August 2017 – August 2020
	e, f	**BDO**	**2020**	**324,012,500**	**–**	**–**	**5.25%**	**January 2020 - January 2021**
			2019	303,392,480	481,040	–	6.50%	August 2017 – October 2020
	e	**AUB**	**2020**	**–**	**583,838**	**–**	**8.75%**	**May 2018 – August 2021**
			2019	–	2,278,561	1,487,167	8.75%	May 2018 – August 2021
	f	**UCPB**	**2020**	**450,000,000**	**–**	**–**	**7.00%**	**December 2019 – January 2021**
			2019	450,000,000	–	–	7.50%	December 2019 – June 2020

(Forward)

Entity	Note	Lender	Year	Short Term Loan	Long Term Loan		Interest	Maturity
					Current Portion	Noncurrent Portion		
Blue Chip Gaming Leisure Corporation (BCGLC)	g	**AUB**	**2020**	**₱–**	**₱158,263,836**	**₱130,791,735**	**6.58%**	**February 2019 – January 2022**
			2019	–	135,503,427	170,357,584	8.42%	February 2019 – January 2022
	h	**UBP**	**2020**	**–**	**–**	**–**	**–**	
			2019	–	840,873	–	8.11%	August 2017 – July 2020
	h	**BDO**	**2020**	**–**	**–**	**–**	**–**	
			2019	–	551,017	–	8.60%	July 2017 – June 2020
First Cagayan Converge Data Center (FCCDCI)	i	**AUB**	**2020**	**–**	**146,427**	**–**	**8.50%**	**February 2018 – January 2021**
			2019	–	1,679,536	146,427	8.50%	February 2018 – January 2021
LR Land Developers, Inc. (LRLDI)	j	**Classic Finance**	**2020**	**70,000,000**	**–**	**–**	**8.00%**	**March 2020 - March 2021**
			2019	–	–	–	–	
	k	**Chip Leader**	**2020**	**–**	**160,076,651**	**320,153,349**	**10.00%**	**March 2020 - March 2023**
			2019	–	–	–	–	
TOTAL			**2020**	**₱983,012,500**	**₱468,137,132**	**₱2,679,608,256**		
			2019	₱893,892,480	₱319,169,278	₱2,676,788,687		

a. On November 29, 2017, ABLGI executed an Omnibus Loan and Security Agreement (OLSA) with BDO to partially finance the equity investment which GL-JV has undertaken to use for the purpose of acquiring land in Boracay. The loan amounted to ₱2,500,000,000, which is payable in full on the final repayment date in November 2022. Interest rate approximates 5.66% per annum and is subject to change depending on the higher of (a) three (3) month Philippine Dealing System Treasury Reference Rate (PDST-R2) plus applicable spread of 2.5% divided by 0.95 or (b) 28-day Time Deposit Facility Rate plus applicable spread of 1% divided by 0.95. Interest is payable on a quarterly basis.

Among the provisions of the agreement, ABLGI is mandated to establish two bank accounts, a DSRA and a Debt Service Payment Account (DSPA). Both accounts are to be maintained at a certain level of funding to facilitate ABLGI's loan and interest payments to BDO. In the event that funding in the DSPA is insufficient to cover payments of interest, BDO is authorized to directly debit the DSRA to maintain the required funding level. ABLGI is required to pay a front-end fee equivalent to zero point seventy-five percent (0.75%) of the total amount of loan. Transaction costs that are directly attributable on the issuance of loan amounted to ₱44,024,948 which were amortized over the life of the loan.

As December 31, 2020 and 2019, the unamortized amount of transaction costs are as follows:

	2020	2019
Balance at beginning of year	**₱32,469,086**	₱43,601,344
Amortization during the year (see Note 19)	**(11,132,258)**	(11,132,258)
Balance at end of year	**₱21,336,828**	₱32,469,086

Amortization of transaction costs is recognized under finance expense in the consolidated statement of comprehensive income (see Note 19). ABLGI partially repaid ₱250,000,000 of the loan in January 2020. Outstanding balance of the loan as at December 31, 2020 and 2019 amounted to ₱2,228,663,172 and ₱2,467,530,914, respectively.

In consideration of the commitment of BDO to fund the ABLGI's equity investment, ABLGI, GL-JV, ABLAHI and ABLHPC has assigned to BDO its respective rights, titles and interest to all monies standing in the DSRA and DSPA, and other bank accounts created for this particular purpose, project receivables (collectively termed as "Assigned Collaterals"), as well as the proceeds, products, fruits of the aforementioned Assigned Collaterals. The Group has classified its cash included under the DSRA and DSPA as "Cash in bank - restricted" account under other noncurrent assets in the consolidated statements of financial position amounting to ₱74,554,432 and ₱52,385,126 in 2020 and 2019, respectively (see Note 11).

As a part of the loan agreement with BDO, ABLGI is required to comply with affirmative financial ratios of debt-to-equity ratio of 2:1. The Group is in compliance with the debt-to-equity covenant as at December 31, 2020 and 2019.

In addition, the loan is guaranteed by the following entities, (1) GL-JV, (2) ABLAHI, (3) ABLHPC, (4) LRWC, (5) ABLE, (6) TGXI, (7) PIKI, (8) BCGLC and (9) FCLRC.

The loan is likewise secured by project agreements, chattels and real assets owned by either one of the parties to the agreement. Mortgaged properties and mortgaged shares are as follows:

Mortgaged Properties	*Note*	Carrying Amount
Land	*8*	₱8,729,064,000
Investment property	*8*	135,994,000
		₱8,865,058,000

Mortgaged Shares	Shareholder	No of Shares	Carrying Amount
GL-JV	ABLHPC	5,000,000	₱500,000,000
ABLHPC	ABLAHI	3,750,000	375,000,000
GBLHI	ABLGI	3,000,000	300,000,000
TGXI	LRWC	930,000	93,000,000
			₱1,268,000,000

On December 3, 2020, BDO granted an extension period of 60 days on the maturity date of the loan under the "Bayanihan to Recover As One Act". Revised maturity date of the loan is on January 30, 2023.

b. In July 2014, LRWC entered into a short-term loan facility with Asia United Bank (AUB) to facilitate the financing of the acquisition of TGXI. The maximum loanable amount is ₱650,000,000 which can be availed in a single or multiple release upon request and submission of a promissory note to the bank. This is payable up to 180 days from the date of release of proceeds and secured by a chattel mortgage over LRWC's shares of stocks held by ABLE and stockholders amounting to ₱149,449,926. The fair value of the mortgaged shares of stocks amounted to ₱183,803,520 and ₱229,754,400 as at December 31, 2020 and 2019, respectively.

   In 2015, LRWC converted this into a term-loan amounting to ₱650,000,000. The loan is payable in 60 equal consecutive monthly installments on its respective repayment dates beginning June 12, 2015 until May 12, 2020. Annual interest rate is approximately 6.18%.

   On February 1, 2019, the LRWC entered into a Restructuring Agreement with AUB to extend the maturity period of its long-term loan and a part of its short-term loans.

   The restructured loan shall be repaid quarterly until fully paid, without the need of demand. Interest shall be likewise paid on a quarterly basis as the principal on the higher of (i) the sum of 3-day average of 1-year PHP BVAL Reference Rate as at February 1, 2019, plus a spread of 2% per annum; or (ii) 8% floor rate subject to annual repricing. The restructured loan is secured by the continuing suretyship by ABLE and TGXI.

   As a part of the loan agreement with AUB, the Group is required to comply with affirmative financial ratios such as debt-to-equity and debt service coverage ratio. The loan is secured by shares of stocks of the Parent Company issued to stockholders.

   As at December 31, 2020, the Group is in compliance with the debt-to-equity covenant but have breached the debt service coverage ratio as required in the loan agreement. With this breach of the debt service coverage ratio covenant, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of ₱149,066,380. The outstanding balance is presented as a current liability as at December 31, 2020.

As at May 30, 2021, management obtained the approval of AUB for the restructuring of the loan agreement which extended the maturity date to November 2022.

c. In May 2015, LRWC entered into various credit line facilities with AUB which are intended for general working capital requirements and financing future expansions. The credit line amounted to ₱350,000,000 which can be availed in multiple releases. As at December 31, 2020 and 2019, outstanding balance is ₱139,000,000 and ₱140,500,000, respectively.

d. In 2015, FCLRC entered into two loan agreements with BDO for the purchase of two (2) aircraft. The loans were secured by the aircrafts as chattel mortgage.

   The first financing agreement amounted to ₱133,163,975 payable in 60 monthly installments beginning December 6, 2015 to November 6, 2020. Annual interest rates approximate 6% which are subject to change depending on the prevailing cost of money or effective value of the purchasing power of the Philippine peso.

   The second financing agreement amounted to ₱50,132,320 payable in 60 monthly installments beginning September 25, 2015 to August 25, 2020. Annual interest rate is approximately 6%, which is subject to change depending on the prevailing cost of money or effective value of the purchasing power of the Philippine peso.

   The two loan agreements with BDO for the purchase of two (2) aircraft were fully paid in 2020. Moreover, both aircraft were sold also in 2020 for $2,000,000 with the equivalent amount of ₱96,140,000 (see Note 7).

e. In 2016, ABLE entered into long-term loan agreements with Unionbank of the Philippines (Unionbank) and BDO for the purchase of transportation equipment amounting to ₱18,987,600. The loans are secured by the transportation equipment as chattel mortgage.

   In 2018, ABLE entered into long-term agreements with AUB for the purchase of transportation equipment amounting to ₱6,671,200. The carrying amounts of transportation equipment amounted to ₱4,046,333 and ₱4,879,333 as at December 31, 2020 and 2019, respectively.

   The long-term agreements with Unionbank and BDO were fully paid in 2020.

f. Short-term loans of ABLE have maturity dates of up to January 2021. The short-term loans are from the credit facility with BDO and UCPB. The loans from BDO are secured by LRWC's shares of stock owned by an individual stockholder of LRWC. The loan from UCPB is unsecured. The interest rates of short-term loans are 5.25% and 6.50% for BDO, and 7% and 7.50% for UCPB as at December 31, 2020 and 2019, respectively.

   As at December 31, 2020 and 2019, the carrying amount of LRWC's shares of stock held by an individual stockholder used as collateral for the loan from BDO amounted to ₱67,458,323. The fair value of the collateral amounted to ₱129,519,980 and ₱197,657,025 as at December 31, 2020 and 2019, respectively.

   The covenant requires ABLE and its sureties to provide BDO with the required documents within the period prescribed by BDO, particularly copies of their income tax return or audited financial statements within 120 days from the end of their fiscal year.

g. In December 2017, BCGLC obtained a long-term loan facility from AUB to partially finance its capital expenditures and to pay advances from related parties used for expansion projects. The maximum loanable amount is ₱500,000,000 available in lump sum or staggered releases. The loan is payable in thirty-six (36) equal monthly payments based on initial drawdown. Annual interest rate is the higher of (a) the sum of one-year PDST-R2 plus a spread of 3.0% or (b) 5.875% floor rate, subject to annual repricing. Interest is payable monthly based on the carrying amount of the loan. The loan is secured by (a) Comprehensive Surety Agreement by the Parent Company, (b) 60% ownership in BCGLC's shares of stocks, (c) Assignment of accounts wherein BCGLC is mandated to establish two bank accounts, Revenues, Proceeds, and Disbursement Account (RPDA) and DSRA. The RPDA is established to accommodate the revenues, proceeds and disbursement related to the loan availed. The DSRA is to be maintained at a certain level of funding equivalent to one (1) month of amortization. BCGLC has no financial covenants to maintain.

   Initial drawdown was made in December 2017 amounting to ₱350,000,000. Additional drawdown with the remaining loanable amounting to ₱150,000,000 was made in April 2018.

   Cash in the DSRA is classified as "Cash in bank - restricted" account under other noncurrent assets in the consolidated statements of financial position amounted to ₱16,759,159 and ₱16,707,663 as at December 31, 2020 and 2019 (see Note 11).

   On February 1, 2019, the BCGLGC entered into restructuring agreement with AUB for the extension of the maturity period of the loans subject to amendment of the terms of principal repayment an interest payment, which will be repaid quarterly.

   On May 27, 2021, management obtained the approval of AUB for the restructuring of the loan agreement which modifies the principal installment payments to have a balloon payment upon maturity but retains the original maturity dates.

h. In 2017, BCGLC entered into auto loan agreements with chattel mortgage with Unionbank and BDO for the purchase of service vehicles. The loans amounted to ₱6,421,600 payable in 36 monthly installments beginning July 2017 until 2020. The carrying amount of the vehicles amounted to ₱2,879,343 and ₱4,243,751 as at December 31, 2020 and 2019, respectively.

   The loan agreements with Unionbank and BDO were fully paid in 2020.

i. In 2018, FCCDCI entered into auto loan agreements with chattel mortgage with AUB for the purchase of service vehicles. The loans amounted to ₱4,706,400 payable in 36 monthly installments beginning January 2018 until 2021. The carrying amount of vehicles amounted to ₱2,166,667 and ₱3,166,667 as at December 31, 2020 and 2019, respectively.

j. In March 2020, LRLDI entered into a short-term loan agreement with a local finance company, namely Classic Finance, Inc. (CFI) for working capital requirements. The loan amounting to ₱70,000,000 shall be payable in one year. Annual interest is at 8% subject to change depending on the prevailing financial and monetary conditions. In consideration of the loan, LRLDI assigned its receivable due from TCAMI and pledged 20,777,047 shares of stock of DFNN, which is owned by LRWC, for a total amount of ₱112,630,736

In 2021, CFI has not requested early payment of the loan and provided LRLDI an extension for the first principal payment for an additional twelve months from its original due date of April 2021.

k. In February 2020, LRLDI entered into a loan agreement with Chip Leader Holdings Corporation (CLHC) to finance its operational and capital expenses. The loan amounting to \$10,000,000 shall be payable on March 2023. Annual interest rate is at 12% subject to change depending on the prevailing financial and monetary conditions.

   The loan is likewise secured by real assets owned by LRLDI. Mortgaged properties are as follows:

Mortgaged Properties	*Note*	Carrying Amount
Barangay Lal-lo, Cagayan		₱852,029,750
Barangay Rapuli, Cagayan		178,509,000
Tangatan, Cagayan		39,861,000
	8	₱1,070,399,750

   As at May 30, 2021, CLHC has not requested early payment of the loan and provided LRLDI an extension for the first principal payment for an additional twelve months from its original due date of March 1, 2021.

Interest expense on loans payable recognized in profit or loss amounted to ₱254,712,334 in 2020, ₱436,612,672 in 2019, and ₱422,773,300 in 2018 (see Note 19).

The reconciliation of movements of liabilities to cash flows arising from financing liabilities are as follows:

	January 1, 2020	**Cash Flows**	**Noncash Changes**	**December 31, 2020**
Short term loans	**₱893,892,480**	**₱89,120,020**	**₱–**	**₱983,012,500**
Long term loans	**2,995,957,965**	**165,375,165**	**(13,587,742)**	**3,147,745,388**
Lease liabilities (see Note 17)	**781,776,527**	**(246,997,216)**	**281,062,001**	**815,841,312**
Total liabilities from financing activities	**₱4,671,626,972**	**₱7,497,969**	**₱267,474,259**	**₱4,946,599,200**

	January 1, 2019	Cash Flows	Noncash Changes	December 31, 2019
Short term loans	₱2,354,478,420	(₱1,460,585,940)	₱–	₱893,892,480
Long term loans	3,697,260,398	(701,302,433)	–	2,995,957,965
Lease liabilities (see Note 17)	747,967,120	(268,395,972)	302,205,379	781,776,527
Total liabilities from financing activities	₱6,799,705,938	(₱2,430,284,345)	₱302,205,379	₱4,671,626,972

Interest paid amounted to ₱233,485,505 in 2020 and ₱498,952,982 in 2019.

13. Trade and Other Payables

	Note	2020	2019
Payable to:			
Suppliers		**₱469,608,758**	₱322,759,346
CEZA	*16*	**100,747,546**	73,171,343
PAGCOR	*15*	**60,964,765**	151,475,976
Government agencies		**20,719,116**	138,630,807
Rent payable		**116,583,547**	49,215,887
Finder's fee		**31,352,790**	31,352,790
Contract liabilities	*16*	**28,842,658**	1,003,793
Output VAT		**248,645**	3,191,249
Accrued expenses and other payables:			
Payable to machine owners		**481,366,658**	558,062,495
Dividends payable	*14*	**175,387,309**	248,444,725
Contracted services		**142,679,050**	173,257,984
Payable to site owner		**60,064,319**	70,245,027
Interest payable		**56,857,915**	46,763,344
Salaries, wages and benefits		**43,006,763**	52,640,305
Professional fees		**15,618,022**	7,354,828
Utilities		**11,014,362**	7,701,372
Customer deposit		**6,125,534**	11,235,392
Others		**45,980,627**	33,385,594
		₱1,867,168,384	₱1,979,892,257

Payable to suppliers pertains to various supplies expense in relation to the Company's bingo operations. These are normally settled within one year.

Payable to PAGCOR includes franchise fees that are remitted twice weekly.

Payable to government agencies pertain to payments for final withholding taxes and other regulatory agencies that are expected to be settled with one year.

Payable to machine owners pertains to owners' share for the use of bingo machines and are payable on a 30-day credit terms.

14. Equity

The composition of the Group's capital stock is as follows:

	2020		2019	
	Amount	**Number of Shares**	Amount	Number of Shares
CAPITAL STOCK				
Authorized:				
Common shares – P1 par value	**₱2,500,000,000**	**2,500,000,000**	₱2,500,000,000	2,500,000,000
Balance at beginning of year	**₱2,417,500,000**	**2,417,500,000**	₱1,199,852,512	1,199,852,512
Issued during the year	**–**	**–**	1,217,647,488	1,217,647,488
Balance at end of year	**₱2,417,500,000**	**2,417,500,000**	₱2,417,500,000	2,417,500,000
Authorized:				
Preferred shares – P1 par value	**₱2,500,000,000**	**2,500,000,000**	₱2,500,000,000	2,500,000,000
Balance at beginning and end of year	**₱1,650,000,000**	**1,650,000,000**	₱1,650,000,000	1,650,000,000

Increase in Authorized Capital Stock
On June 18, 2013, the SEC approved the increase in the Parent Company's authorized capital stock from ₱1,600,000,000 to ₱5,000,000,000 divided into 2,500,000,000 common shares and 2,500,000,000 preferred shares with each class having a par value of ₱1 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 as may be fixed by the BOD at their issuance.

Registration of Securities under the Securities Regulation Commission
Pursuant to the registration statement rendered effective by the SEC on February 6, 1958 and permit to sell issued by the SEC dated February 6, 1958 - 15,000,000 common shares of LRWC were registered and may be offered for sale at an offer price of ₱1.33 per common share. As at December 31, 2020 and 2019, the Parent Company has issued and outstanding common shares totaling 2,417,500,000. In 2020 and 2019, the Parent Company has 1,822 and 1,823 common stockholders, respectively.

On January 22, 2013, the BOD of LRWC authorized the issuance, through a private placement, of 1,750,000,000 shares from its unissued preferred shares. On March 22, 2013, the stockholders of LRWC approved the said issuance. In May 2013, 1,650,000,000 shares were subscribed at ₱1 per share by virtue of the subscription agreements entered by LRWC with investors which was subsequently collected in July 2013.

The preferred shares have a coupon rate of 8.5% per annum and are paid semi-annually. These preferred shares are cumulative, non-voting and non-participating. Twenty (20) preferred shares will entitle each investor to one warrant. Each warrant, if exercised at a price of ₱15 or the average weighted trading price for the three months prior (whichever is lower) will be converted to one common share. This option will be exercisable starting on the fifth year until the eighth year.

On January 11, 2019, the Group called for a Special Stockholders' Meeting for the approval of the issuance of up to 1,300,147,488 common shares from the unissued capital stock through a private placement at a price based on a premium over the LRWC's shares closing price on November 29, 2018.

The BOD approved and ratified the issuance and subscription of its 1,300,147,488 common shares at an issue price of ₱3.60 on the same date.

In March and April 2019, 1,217,647,488 common shares were subscribed at ₱3.60 per share by virtue of the subscription agreements entered into by LRWC with its investors. The proceeds from the issuance of will be used to refinance LRWC's existing obligations, for expansion programs and working capital requirements. Transactions costs related to the share issuance amounting to ₱16,603,840 are recognized as deduction to additional paid-in capital.

Listing of Preferred Shares and Warrants
On June 10, 2013, the BOD of LRWC approved the listing of 1,650,000,000 newly issued preferred shares and 82,500,000 warrants. The said listing was completed in December 2013.

On December 5, 2013, the BOD approved to change the expiry date of the warrants issued by the Parent Company to September 2021.

As at December 31, 2019, the Parent Company has a total of 1,650,000,000 shares issues and outstanding preferred shares with three (3) stockholders.

On January 31, 2020, the Parent Company redeemed all of its 1,650,000,000 preferred shares at ₱1.00 per share. 36,500,000 of these shares were previously held by ABLE and the remaining 1,613,500,000 were held by third parties. The redeemed preferred shares are not cancelled, thus, accounted and presented as treasury shares in the consolidated statement of changes in equity.

Declaration of Cash Dividends

Cash dividends declared by the BOD to preferred stockholders of the Parent Company in 2019 are as follows:

Date of Declaration	Date of Record	Amount	Amount Per Share
October 24, 2019	December 31, 2019	₱77,715,000	₱0.0471
July 19, 2019	August 2, 2019	155,430,000	0.0942

There were no cash dividends declared by the BOD to common stockholders of the Parent Company in 2020 and 2019.

As at December 31, 2020 and 2019, unpaid dividends, included under "Trade and other payables" account in the consolidated statements of financial position, amounted to ₱175,387,309 and ₱248,444,725, respectively (see Note 13).

Acquisition of LRWC Shares by ABLE

On July 29, 2013, LRWC erroneously disclosed a cash dividend of ₱0.40 instead of ₱0.04 as approved by the BOD of LRWC. As a result, the PSE suspended trading of LRWC's shares for three days pending resolution of the problem. As a sign of good faith, LRWC through ABLE offered to buy-back and sell-back to those who traded their shares on the same day the error was made. ABLE bought 1,959,700 shares of LRWC at a total cost of ₱15,949,947 and sold at cost 125,500 shares amounting to ₱1,015,330.

On June 27, 2013, the BOD of ABLE approved the subscription to the preferred shares of LRWC in the total amount of ₱200,000,000 and authorized the Philippine Business Bank as the investment manager. In December 2013, ABLE sold the ₱163,500,000 worth of preferred shares.

ABLE acquired additional 245,000 common shares of LRWC at cost amounting to ₱21,005,929 in 2018.

As at December 31, 2020 and 2019, ABLE has a total of 25,892,100 and 24,067,100 common shares of LRWC, respectively. Details of treasury shares are as follows:

	2020	2019
Balance at beginning of year	**₱90,411,278**	₱90,411,278
Redemption of preferred shares*	**1,613,500,000**	–
Acquisitions during the year	**39,227**	–
Balance at end of year	**₱1,703,950,505**	₱90,411,278

*excludes the ₱36,500,000 preferred shares held by ABLE as this has already been accounted for treasury shares since its acquisition.

LRWC declared dividends to preferred stockholders of the Group. In 2020 and 2019, ABLE received dividends amounting to nil and ₱3,092,586, respectively, which are eliminated in the consolidated financial statements.

15. Gaming Licenses to Operate Bingo Games

a. Operation of Traditional Bingo Games

PAGCOR awarded ABLE and its subsidiaries the authority to operate and conduct traditional bingo games, as well as the betting aspect thereof, within the confines of the game sites. The Licenses for various periods ranging from September 2020 to September 2023 are subject to renewal after one (1) to (2) two years upon mutual agreement of both parties.

ABLE and its subsidiaries pay PAGCOR 15% of its gross bingo card sales as franchise fee.

Revenue from traditional bingo games amounted to ₱423,795,592 in 2020, ₱2,216,155,056 in 2019, and ₱2,106,084,940 in 2018.

As at December 31, 2020 and 2019, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totalling ₱44,250,000, to ensure due observance of and faithful compliance with the terms and conditions of the License (see Note 11).

b. Operation of Electronic Bingo Games

PAGCOR awarded ABLE and its subsidiaries the authority to operate and conduct electronic bingo games, as well as the betting aspect thereof, within the confines of the game sites. The Licenses for various periods ranging from February 2017 to December 2023 are subject to renewal after one (1) to (2) two years upon mutual agreement of both parties.

ABLE and its subsidiaries pay PAGCOR 50% of its revenue less payouts as franchise fee.

Revenue from electronic bingo games amounted to ₱1,745,675,813 in 2020, ₱5,289,230,260 in 2019, and ₱4,754,906,261 in 2018.

As at December 31, 2020 and 2019, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totalling ₱261,300,000 and ₱253,800,000, respectively, to ensure due observance of and faithful compliance with the terms and conditions of the License (see Note 11).

c. Operation of New Rapid Bingo System (NRBS)

On September 27, 2005, PAGCOR granted ABLE the authority to operate and conduct rapid bingo games, subject to the approved terms and conditions of NRBS operations and the use of the prescribed NRBS card format. ABLE pays PAGCOR 15% of its gross sales (total amount wagered or bets) from the NRBS operations, which shall be remitted twice weekly.

Revenue from rapid bingo amounted to ₱85,867,120 in 2020, ₱284,212,205 in 2019, and ₱230,386,430 in 2018.

As at December 31, 2020 and 2019, ABLE deposited cash performance bonds amounting to ₱900,000, with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the License (see Note 11).

d. Distribution and Sale of Pull-tabs or Break-open Cards

On August 3, 2005, PAGCOR granted ABLE the authority to distribute and sell pull-tabs or break-open cards in all of the branches of ABLE and its subsidiaries. In consideration of the Grant, ABLE shall pay PAGCOR 15% of gross card price which shall be remitted to PAGCOR by ABLE upon draw-down of cards from the supplier, regardless of quantity of cards sold.

Revenue from distribution of sale of pull-tabs or break-open cards amounted to ₱6,844,580 in 2020, ₱19,009,330 in 2019, and ₱20,111,861 in 2018.

Franchise fees included in "Franchise fees and taxes" account in the consolidated statement of comprehensive income amounted to ₱1,527,622,311 in 2020, ₱4,625,303,082 in 2019, and ₱4,429,428,116 in 2018.

16. License Agreement

CEZA is authorized under Section 6f of R.A 7922, "An Act Establishing a Special Economic Zone and Free Port in the Municipality of Santa Ana and the Neighboring Islands in the Municipality of Aparri, Province of Cagayan, Providing Funds Therefore, and for Other Purposes", to operate on its own, either directly or through a subsidiary entity, or license to others, tourism-related activities, including games, amusements, recreational and sport facilities, such as horse racing, gambling casinos, golf courses, and others, under priorities and standards set by CEZA in CSEZFP.

On February 2, 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 with 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 for the following:

1. Appointment of FCLRC 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. FCLRC is authorized to assist CEZA in its functions as a regulator for interactive gaming activities on behalf of CEZA in accordance with Part 5 of CSEZFP Interactive Gaming Rules and Regulations;

3. The authorization of FCLRC as Master Licensor shall be exclusive for twenty-five years starting from November 7, 2006 or until 2031;

4. FCLRC is authorized to collect a sub-license fee of two percent of the gross winnings from the internet casino, in accordance with an agreed formula. Also, FCLRC is authorized to collect from sub-licenses an annual fixed amount for the first year of operations and thereafter, from sportsbook operators. The amount collected is recognized by FCLRC as unearned fees and recognized the revenue. Unearned fees included under "Trade and other payables" account in the consolidated statements of financial position amounted to ₱28,842,658 and ₱1,003,793 as at December 31, 2020 and 2019, respectively (see Note 13); and

5. FCLRC must pay CEZA, on a monthly basis to commence upon the start of actual operations of FCLRC, an amount equivalent to one percent (1%) 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 FCLRC's operation, FCLRC shall pay a minimum guaranteed amount of \$250. Unpaid CEZA fees are charged with interest of 12% per annum. CEZA fees included in "Franchise fees and taxes" account in the profit or loss amounted to ₱174,155,849, ₱222,292,921, and ₱199,875,763 in 2020, 2019 and 2018, respectively. Interest expense on unpaid CEZA fees recognized in the consolidated statement of comprehensive income amounted to nil in 2020, ₱6,828,032 in 2019, and ₱5,403,043 in 2018 (see Note 19). The Group's revenues from FCLRC's service and hosting fees amounted to ₱345,862,748 in 2020, ₱434,004,338 in 2019, and ₱395,499,397 in 2018.

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 five percent (5%) of locators' gross income less allowable deductions. FCLRC's gross income tax amounted to ₱8,852,199 in 2020, ₱10,385,407, in 2019, and ₱9,071,403 in 2018 (see Note 21).

FCLRC proposed a Master Development Plan in keeping its authority under the license agreement. The Master Development Plan proposed by FCLRC 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 envisaged by FCLRC shall comprise of the three (3) phases with time frame of completion as follows:

- Phase I supposedly completed in 2009 after authorization of the CEZA BOD which 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 1 was completed in January 2011.

  In August 2007, FCLRC and CEZA entered into an agreement with A.G. Pazon & Associates and CAMJ Construction Corporation, both third parties, to start the development of the Cagayan Business Park (CBP), part of Phase I of the Master Development Plan. The proposed CBP has a total lot area development of 90,005 square meters. The site development plan includes the construction of buildings with a total floor area of 2,400 square meters. The project also includes the construction of an administration building, commercial center, cable center, sub-station and parking spaces. It also includes the installation of an underground power/communication cabling system and an overhead water tank. The development of the CBP was completed in January 2011.

  Another infrastructure required in Phase I of the Master Development Plan is the rehabilitation of the San Vicente Naval Airport (the Airport). On September 1, 2006, FCLRC entered into a contract for the airstrip rehabilitation with the same contractors for the CBP to undertake the expansion, paving and overlaying of the runway of the airport and the provision of basic airport amenities. The rehabilitation of the San Vicente Naval Airport was completed on December 8, 2006 (see Note 11).

  As an initial project to establish the internet and telecommunication infrastructure, FCLRC entered into an Agreement with IPCDCC on March 1, 2007, incorporating FCCDCI. The parties shall infuse the necessary capital to fund the required infrastructure requirements of the Master Development Plan.

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

- Phase III shall be completed three (3) years after completion of Phase II and 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.

On September 15, 2006, the parties have extended the term of the license agreement from two (2) years to twenty-five (25) years from the date of approval by the CEZA BOD of the Master Development Plan. The 25 years extension of the authority of FCLRC as Master Licensor commenced on November 7, 2006 and will end on November 7, 2031.

On December 11, 2008 the parties have agreed to extend the deadline of FCLRC's payment of CEZA's share on the sub-licensee fee from "7th day of the following month" to "27th day of the following month", and to reduce the interest rate for the delay in remittance of the said CEZA's share from 18% to 12% per annum.

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following:

- CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming;

- CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements;

- To protect FCLRC's interest and investment as the pioneer Licensor, CEZA effectively restricted itself from directly issuing Gaming Licenses to FCLRC's current and previous licensees; and

- All applicants for gaming licenses from CEZA shall post the amount of USD100 million as an investment commitment. In consideration of the significant actual and future investments attributable to FCLRC, CEZA shall credit such investments towards the investment commitment compliance of applications for gaming licenses coursed through FCLRC.

17. Lease Agreements/Right-of-Use Assets and Lease Liabilities

Group as a Lessee

The Group has lease contracts for various site spaces for its operations. Leases of sites generally have lease terms between 1 and 25 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of site spaces with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

The following are the amounts recognized in the consolidated statement of income:

	2020	2019	2018
Depreciation and amortization expense of right-of-use assets included in property and equipment and investment properties (see Notes 7 and 8)	**₱220,332,029**	₱239,033,353	₱–
Expenses relating to short-term leases	**132,736,765**	368,391,875	597,953,462
Interest expense on lease liabilities (see Note 19)	**49,153,260**	51,323,077	–
Expenses relating to leases of low-value assets	**18,003,073**	44,882,690	47,596,350
Total amount recognized in the consolidated statement of comprehensive income	**₱420,225,127**	₱703,630,995	₱645,549,812

The rollforward analysis of right-of-use assets, presented under "Property and Equipment" account in the consolidated statements of financial position, is as follows:

	2020	2019
Cost		
Balance at beginning of year	**₱871,712,762**	₱619,549,380
Additions	**326,183,585**	252,163,382
Reclassification	**19,284,318**	–
Expired leases	**(102,866,295)**	–
Impairment (see Note 7)	**(27,743,873)**	–
Balance at end of year	**1,086,570,497**	871,712,762
Accumulated Amortization		
Balance at beginning of year	**237,323,836**	–
Amortization	**220,332,029**	237,323,836
Lease concession	**79,452,376**	–
Expired leases	**(102,866,295)**	–
Impairment (see Note 7)	**(15,081,535)**	–
Balance at end of year	**419,160,411**	237,323,836
Net Book Value	**₱667,410,086**	₱634,388,926
Impairment Loss		
Pre-termination (see Note 7)	**₱12,662,338**	–

The rollforward analysis of lease liabilities follows:

	2020	2019
Balance at beginning of year	**₱781,776,527**	₱747,967,120
Additions	**325,557,216**	250,882,302
Interest expense (see Note 19)	**49,153,260**	51,323,077
Payments	**(246,997,216)**	(268,395,972)
Gain on lease concession	**(79,452,376)**	–
Pre-termination	**(14,196,099)**	–
Balance at end of year	**815,841,312**	781,776,527
Current portion of lease liabilities	**237,998,769**	201,485,706
Lease liabilities - net of current portion	**₱577,842,543**	₱580,290,821

i. ABLE Group entered into several lease agreements for office space, warehouse and spaces where ABLE Group's sites conduct their bingo operations. The term of the lease agreements with various lessors varies from two (2) to three (3) years with escalation clauses ranging from 3% to 5%. The lease amounts are computed based on certain percentages of gross revenues or on a fixed rate per square meter which are generally determined on an annual basis. The lease period ranges from one (1) to seven (7) years with approximate annual escalation rates ranging from 5% to 10%.

ii. FCLRC entered into 25-year lease agreements with the Municipality of Cagayan up to December 7, 2031, and with CEZA up to June 30, 2031, respectively, or until FCLRC serves as its Master Licensor. The lease amounts are computed on a fixed rate per square meter subject to 5% escalation every three years. FCLRC also entered into other lease contracts with various lessors up to a term of one (1) year which are renewable. The lease amounts are generally determined on an annual basis.

iii. BCGLC Group entered into various lease agreements for its PAGCOR VIP Clubs where it conducts its operations. The lease agreements are renewable by mutual agreement of both parties generally under same terms and conditions. The lease period ranges from three (3) to ten (10) years with annual escalation clauses ranging from 5% to 11%.

iv. LRWC entered into several lease agreements for its office spaces. The term of the lease agreements with various lessors varies from three (3) to five (5) years with escalation ranging from 3% to 5%. The lease amounts are computed on a fixed rate per square meter which are generally determined on an annual basis.

v. TGXI entered into several lease agreements for the PeGS' locations and office space renewable by mutual agreement of both parties generally under the same terms and conditions. The lease period ranges from one (1) to five (5) years with annual escalation clauses ranging from 3% to 10%.

vi. ABLGI entered into a 25-year lease agreement for a parcel of land in Sta. Cruz, Manila from January 1, 2015 to December 31, 2039. The lease amount is computed on a fixed rate per square meter subject to 5% escalation every two years.

The lease agreements are non-cancellable and provide for, among others, rental deposits which are refundable upon termination of the lease. The rental deposits recognized in the consolidated statements of financial position as at December 31, 2020 and 2019 amounted to ₱442,854,472 and ₱432,823,436, respectively (see Note 11).

Prior to adoption of PFRS 16, rent expense recognized in the consolidated statement of ₱645,549,812 in 2018. Rent expense in 2020 and 2019 amounting to ₱150,739,838 and ₱413,274,565, respectively, pertains to the expense from short-term and low value leases.

In 2020, the Group has entered into several rent concessions and adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2020. The impact of rent concessions amounting to ₱79,452,376 were presented in the consolidated statement of comprehensive income as reduction in amortization expense recorded under "Cost and operating expenses".

In 2021, some of the Group's lessors provided additional rent concession in the form of lower monthly lease rates and waivers of certain months due to continuous impact of COVID-19 outbreak.

Maturity analysis of the undiscounted lease payments are as follows:

	2020	2019
Within one year	**₱501,772,402**	₱270,196,149
Between one and five years	**841,777,921**	544,407,789
More than five years	**215,635,956**	195,952,478
	₱1,559,186,279	₱1,010,556,416

Group as Lessor

Rent Income Recognized as Revenue

a. As an authorized representative of Munich Management Limited, a foreign corporation duly organized and registered in British Virgin Islands, BCGLC entered into an agreement with the PAGCOR for the sublease of the slot machines owned by Entertainment Gaming (Philippines), Inc., including the proprietary system of linking and networking of individual units of slot machine within the PAGCOR Club - Leisure World Bacolor located at King's Royal Hotel and Leisure Park, Bacolor, Pampanga. The lease is for the period of three (3) years until June 30, 2016. The Company renewed the lease contract with PAGCOR until December 31, 2017. In November 2017, the lease contract was renewed until June 30, 2023 or upon exhaustion of the contract amount based on the income sharing scheme, whichever comes first.

   As a consideration, PAGCOR shall pay BCGLC monthly rent equivalent to a percentage of the slot machines' gross revenues after deducting the players' winnings/prizes and related taxes thereof.

b. LRLDI leases its investment properties under non-cancellable operating lease agreements. The leases are for a period ranging from two (2) to five (5) years with escalation rate ranging from 5% to 10%.

c. ABLGI leases its investment property for a period of twenty (20) years until December 31, 2034 with escalation rate of 3% every three years. The lessee may pre-terminate the lease agreement without obligation to pay termination costs.

d. FCLRC and LRLDI sublease its lease contracts for land properties with Municipality of Cagayan and CEZA to a locator under a 12-year sublease agreement commencing in July 2006, and office spaces to a customer under a 2-year sublease agreement commencing in July 2019, respectively. In 2019, upon adoption of PFRS 16 for FCLRC and inception of the sublease contract for LRLDI, these subleases were classified as finance leases and the related ROU assets were derecognized. At inception of LRLDI's sublease contract, carrying amount of the ROU asset derecognized amounted to ₱6,553,149 in 2019 (see Note 8). Loss on sublease was recognized in the consolidated statement of comprehensive income amounting to ₱123,918,498 in 2019 (see Note 19). As at December 31, 2020 and 2019, lease receivables amounted to ₱20,419,557 and ₱29,803,525, respectively.

Total rent income recognized in the statement of consolidated comprehensive income amounted to ₱267,176,326 in 2020, ₱706,652,846 in 2019, and ₱560,690,470 in 2018.

Minimum lease receivables as at December 31 are as follows:

	2020	2019
Within one year	₱51,636,826	₱34,686,567
Between one and five years	126,879,800	82,912,511
More than five years	165,305,472	110,332,827
	₱343,822,098	₱227,931,905

18. Retirement Benefits

The Group's actuarial valuations are obtained on a periodic basis. The retirement benefits are determined using the projected unit credit method.

The retirement benefits of ABLE are primarily based on the number of years of service of covered employees, as well as their fixed monthly salary. Under the provisions of the retirement plan, the mandatory retirement age is sixty-five (65), with at least ten (10) years of service and the retirement benefit is equal to two hundred percent (200%) of the plan salary per year of credited service.

The Group's latest actuarial valuation reports are dated December 31, 2020. The following tables summarize the components of retirement expense recognized in the consolidated statement comprehensive income of ABLE and FCLRC:

Retirement Expense

	ABLE			FCLRC		
	2020	2019	2018	2020	2019	2018
Current service cost	₱14,791,390	₱16,366,331	₱16,830,418	₱1,912,315	₱1,548,521	₱1,711,041
Past service credit	(41,687,614)	–	–	–	–	–
Interest cost on defined benefit obligation	8,872,783	15,908,679	12,468,696	537,368	591,109	435,504
Net retirement expense (income)	(₱18,023,441)	₱32,275,010	₱29,299,114	₱2,449,683	₱2,139,630	₱2,146,545

The total retirement expense (income) of ABLE and FCLRC recognized amounted to (₱15,573,758) in 2020, ₱34,414,640 in 2019, and ₱31,445,659 in 2018.

Changes in the Present Value of Defined Benefit Obligation

	ABLE		FCLRC	
	2020	2019	2020	2019
Present value of defined benefit obligation at beginning of year	₱169,199,636	₱217,596,818	₱11,138,542	₱8,225,366
Actuarial loss/(gain)	13,450,929	(26,029,168)	(7,633,505)	803,277
Current service cost	14,791,390	16,366,331	1,912,315	1,548,521
Interest cost	8,872,783	15,908,679	537,368	591,109
Past service cost/credit	(41,687,614)	–	–	–
Net acquired/(released) obligation due to employee transfers	–	133,668	–	(29,731)
Benefits paid	(23,773,190)	(54,776,692)	–	–
Present value of defined benefit obligation at end of year	₱140,853,934	₱169,199,636	₱5,954,720	₱11,138,542

As at December 31, 2020 and 2019, the total retirement benefits liability amounted to ₱146,808,654 and ₱180,338,178, respectively.

The movement in retirement benefits reserve taken up under other comprehensive income and consolidated statements of changes in equity are as follows:

	ABLE			FCLRC		
	2020	2019	2018	**2020**	2019	2018
Actuarial loss (gain) from:						
Financial assumptions	**₱25,413,273**	₱48,586,288	(₱47,832,203)	**₱463,238**	₱2,008,719	(₱1,207,677)
Experience adjustments	**(11,962,344)**	(68,158,463)	21,091,473	**(8,096,743)**	(1,205,442)	42,075
Demographic assumptions	–	(6,456,993)	–	–	–	–
	₱13,450,929	(₱26,029,168)	(₱26,740,730)	**(₱7,633,505)**	₱803,277	(₱1,165,602)

The principal assumptions used in determining defined benefit obligations for the Group's plans are shown below:

	ABLE		FCLRC	
	2020	2019	**2020**	2019
Discount rate at end of year	**3.99%**	5.25%	**4.09%**	4.86%
Future salary increases	**4.00%**	4.00%	**4.00%**	4.00%

The weighted average duration of defined benefit obligation is as follows:

	ABLE		FCLRC	
	2020	2019	**2020**	2019
Average expected future service years	**7.00**	7.00	**11.00**	11.00

Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	ABLE		FCLRC	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	120,123,959	166,045,460	5,366,731	6,666,450
Future salary growth	166,549,173	119,383,424	6,693,838	5,332,529

Assumptions for mortality rate are based on the 2017 Philippine Intercompany Mortality Table. Assumptions for disability rates are based on the 1952 Disability Study, Period 2, Benefit 5.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

The defined benefit obligation is exposed to actuarial risks such as longevity risk and interest rate risk.

Funding

The Group does not have a formal retirement plan. Benefit claims under the retirement obligation are paid directly by the Group when they become due.

Asset-liability Matching
The Group has no plan assets to match against liabilities under the retirement obligation.

Maturity analysis of the benefit payments:

	2020				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1-5 Years**	**More than 5 Years**
ABLE	**₱140,853,934**	**₱864,300,794**	**₱233,571**	**₱8,970,282**	**₱855,096,941**
FCLRC	**5,954,720**	**51,649,018**	**170,241**	**2,942,686**	**48,536,091**
	₱146,808,654	**₱915,949,812**	**₱403,812**	**₱11,912,968**	**₱903,633,032**

	2019				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1-5 Years	More than 5 Years
ABLE	₱169,199,636	₱1,235,761,127	₱38,485	₱7,253,005	₱1,228,469,637
FCLRC	11,138,542	50,601,706	163,164	3,010,427	47,428,115
	₱180,338,178	₱1,286,362,833	₱201,649	₱10,263,432	₱1,275,897,752

19. Finance Income/Finance Expense/Other Income

Finance income consists of:

	Note	**2020**	2019	2018
Interest income on cash in banks	*4*	**₱2,846,356**	₱4,169,920	₱1,396,080
Interest income on receivables from TCAMI	*9*	**23,357,168**	–	–
		₱26,203,524	₱4,169,920	₱1,396,080

Finance expense consists of:

	Note	**2020**	2019	2018
Interest expense on loans payable	*12*	**₱254,712,334**	₱436,612,672	₱422,773,300
Interest expense on lease liabilities	*17*	**49,153,260**	51,323,077	–
Interest expense on late payments		**8,942,694**	55,512,277	–
Interest expense on unpaid CEZA fees	*16*	–	6,828,032	5,403,043
		₱312,808,288	₱550,276,058	₱428,176,343

Interest expense on loans payable includes amortization of transaction costs related to loan of ABLGI with BDO. The Group recognized amortization of transaction costs amounting to ₱11,132,258 for the years 2020, 2019 and 2018 (see Note 12).

The Group recognized gain on lease concession amounting to ₱3,969,000 for ABLGI resulting from forgiveness of rental payments from April 2020 up to March 2021. The gain is recognized as deduction in interest expense on lease liabilities.

Other income - net consists of:

	Note	**2020**	2019	2018
Finance charges		**(₱2,859,000)**	(₱21,674,258)	₱–
Marketing allowance		**5,659,596**	42,000,000	60,000,000
Application fee income		**4,618,560**	306,620	4,290,000
Loss on sublease	*17*	**–**	(123,918,498)	–
Management fee income		**–**	951,370	–
Consultancy fees		**–**	–	168,675,000
Commission income		**–**	–	13,770,722
Others - net		**4,747,619**	(5,019,719)	(8,402,699)
		₱12,166,775	(₱107,354,485)	₱238,333,023

Marketing allowance refers to the payments made by e-bingo machine vendors to the Group used to finance marketing expenses of the Group (e.g. advertisement, etc.).

Consultancy fees pertain to fees received from third parties for its projects.

Others - net mainly consists of other income from the Group's investment, professional fee and replacement fee for lost bingo cards.

20. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Group, including holding companies, and fellow subsidiaries are related entities of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related entities.

All publicly-listed and certain members of the companies of the Group have Material Related Party Transaction Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

Other than those disclosed in Notes 5 and 9, the Group's significant transactions and balances with related parties follow:

Categories	Nature of Transaction	Year	Amount of Transactions for the Year	Outstanding Balance Receivable (Notes 5 and 9)	Due from Related Parties	Terms	Conditions
TCAMI – Joint Venture Partner	Sale of Techzone shares	**2020**	**₱50,000,000**	**₱531,506,675**	**₱–**	Payable in 10 years; non-interest bearing; to be settled in cash	
		2019	1,750,000,000	558,149,507	–		
Individual stockholder	Cash advances	**2020**	–	–	**5,000,000**	Demandable; non-interest bearing to be settled in cash	Unsecured; no impairment
		2019	–	–	5,000,000		
Advances to affiliates	Cash advances	**2020**	–	–	**150,000,000**	Demandable; non-interest bearing to be settled in cash	Unsecured; no impairment
		2019	–	–	150,000,000		
Total		**2020**		**₱531,506,675**	**₱155,000,000**		
Total		2019		₱558,149,507	₱155,000,000		

Advances to affiliates consist mainly of advances for working capital requirements to Cyberpoint Holdings and Management Corporation (CHMC), a holding company which owns 3.7% of LRWC's outstanding shares,.

All intra-group balances, transactions, including income and expenses and profits and losses resulting from intra-group transactions are eliminated. Intergroup balances and transactions before eliminations amounted to ₱2,554,309,200 and ₱2,588,239,893 as at December 31, 2020 and 2019, respectively.

All intragroup transactions are eliminated during consolidation are unsecured, non-interest bearing and payable on demand. Related party transactions are to be settled in cash.

For each of the years in the period ended December 31, the details of key management and directors' compensation representing short-term benefits are as follows:

	2020	2019	2018
Salaries and employee benefits	**₱56,863,737**	₱66,304,834	₱34,644,203
Directors' fees	**6,920,000**	5,830,000	10,000,000

21. Income Taxes

The components of the Group's income tax expense are as follows:

	2020	2019	2018
Current tax expense	**₱20,580,457**	₱32,792,120	₱26,168,752
Deferred tax expense	**81,276,880**	835,201,656	522,973,342
	₱101,857,337	₱867,993,776	₱549,142,094

The Group's income tax expense consists of the 30% regular corporate income tax and the 5% gross income tax on FCLRC and FCCDCI's operations with CSEZFP and LRLDI operations (see Note 16).

Reconciliation between income tax expense in the Group's profit or loss and the income tax computed at statutory income tax rate follows:

	2020	2019	2018
Income (loss) before income tax	**(₱1,236,237,492)**	₱975,096,353	₱1,014,224,943
Income tax (benefit) using statutory tax rate of 30%	**(₱370,871,248)**	₱292,528,906	₱304,267,483
Additions to (reductions in) income taxes resulting from tax effects of:			
Nondeductible operating expenses	**3,036,677,350**	8,478,138,096	7,417,169,260
Income exempt from income tax	**(2,688,262,389)**	(8,195,674,725)	(7,423,408,389)
Expired NOLCO	**147,298,451**	138,525,193	11,931,047
Change in unrecognized deferred tax assets	**(53,077,038)**	227,910,143	295,186,670
Equity in net loss (earnings) of joint ventures	**30,732,002**	(44,702,307)	(34,459,847)
Interest income subject to final tax	**(853,907)**	(1,250,976)	(417,562)
Equity in net loss (earnings) of associates	**214,116**	(27,480,554)	(21,126,568)
	₱101,857,337	₱867,993,776	₱549,142,094

The composition of recognized net deferred tax assets of the Group as at December 31 are as follows:

	2020	2019
Deferred income	**₱–**	₱18,420
Unrealized loss on foreign exchange differences	**–**	2,056
	₱–	₱20,476

The composition of recognized deferred tax liabilities of the Group as at December 31 are as follows:

	2020	2019
Unrealized gain on changes in fair value of investment properties	**₱1,450,163,150**	₱1,375,327,712
Unamortized transaction cost	**6,401,048**	9,740,726
Unrealized gain on foreign exchange differences	**2,222,238**	(493,552)
Accrued rental income	**1,048,307**	–
Others	**6,037,500**	–
	₱1,465,872,243	₱1,384,574,886

As at December 31, 2020, the Group's unrecognized deferred tax assets pertain to the following items:

	Tax Base	Amount
NOLCO	**₱1,628,501,049**	**₱488,550,315**
Lease liabilities	**114,616,981**	**34,385,094**
Allowance for impairment loss	**95,630,719**	**28,689,216**
Retirement benefits liability	**37,071,869**	**11,121,561**
Unrealized loss on foreign exchange differences	**20,832,630**	**1,637,543**
MCIT	**3,883,968**	**3,883,968**
Unearned revenue	**1,944,418**	**583,325**
	₱1,902,481,634	**₱568,851,022**

As at December 31, 2019, the Group's unrecognized deferred tax assets pertain to the following items:

	Tax Base	Amount
NOLCO	₱1,790,357,840	₱537,107,353
Retirement benefits liability	199,551,824	59,865,547
Allowance for impairment loss	53,633,994	16,090,198
Lease liabilities	13,042,940	1,861,796
Unrealized loss on foreign exchange differences	5,790,401	1,593,052
MCIT	5,354,297	5,354,297
Unearned revenue	186,057	55,817
	₱2,067,917,353	₱621,928,060

Deferred tax assets were not recognized because the management believes it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

The Group has incurred NOLCO which can be claimed as deduction from future taxable income. Details of which are shown below:

Year Incurred	Amount	Expired/ Applied	Balance	Expiry Date
2020	₱339,892,074	₱ –	₱339,892,074	December 31, 2025
2019	744,300,023	(6,777,304)	737,522,719	December 31, 2022
2018	566,189,665	(15,103,409)	551,086,256	December 31, 2021
2017	490,994,837	(490,994,837)	–	December 31, 2020
	₱2,141,376,599	(₱512,875,550)	₱1,628,501,049	

The details of MCIT which can be claimed as credit against future RCIT liabilities are as follows:

Year Incurred	Amount	Expired/ Applied	Balance	Expiry Date
2020	₱527,329	₱–	₱527,329	December 31, 2023
2019	21,795	–	21,795	December 31, 2022
2018	6,469,732	(3,134,888)	3,334,844	December 31, 2021
2017	1,997,658	(1,997,658)	–	December 31, 2020
	₱9,016,514	(₱5,132,546)	₱3,883,968	

On April 23, 2013, the BIR issued Revenue Memorandum Circular (RMC) 33-2013 clarifying the taxability of PAGCOR, its contractees and licensees. Pursuant to Section 1 of Republic Act No. 9337, amending Section 27 (C) of the National Internal Revenue Code (NIRC), as amended, effective November 1, 2005, PAGCOR is no longer exempt from corporate income tax as it has been effectively omitted from the list of government-owned or controlled corporations that are exempt from income tax. Accordingly, PAGCOR and its contractees and licensees' income from its operations and licensing of gambling casinos, gaming clubs and other similar recreation or amusement places, gaming pools, and other related operations are subject to corporate income tax under the NIRC, as amended.

Until March 31, 2013, in accordance with PAGCOR's directives, ABLE continued to abide by the provisions of P.D. 1869 (as amended by R.A. 9487) whereby it pays the 5% franchise tax.

On July 9, 2013, a memorandum was issued by PAGCOR to all its bingo contractees and grantees clarifying that they are no longer subject to the 5% franchise tax, and are subject to the corporate income tax, instead. In compliance with the said RMC, ABLE has changed to corporate income tax as its basis for determining the tax expense starting second quarter of 2013.

On December 10, 2014, a resolution in favor of PAGCOR was rendered by the Supreme Court regarding the change from franchise tax to corporate income tax. The resolution pertains only to PAGCOR and not to its grantees and contractees.

The Group made legal opinion on the implications of the Supreme Court's decision in the case of Bloomberry Resorts and Hotels, Inc. vs. Bureau of Internal Revenue in relation to the contract entered by PIKI, BCGLC and HEPI with PAGCOR. These components of the Group are duly organized and existing under the laws of the Philippines having existing agreements with PAGCOR.

The Group determined its income taxes on these components on the premise that the results from casino operations are no longer subject to regular income taxes in pursuant to Sec 13(2) of Presidential Decree 1869 (PAGCOR Charter) which states that "the five (5%) percent franchise tax of the gross revenue or earnings derived by PAGCOR and all its contractees and licensees shall be due and payable quarterly to the National Government and 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 assessed that it is exempt from the corporate income tax on these components pursuant to the Supreme Court's decision to a tax case which categorically held PAGCOR and its contractees and licensees exempt from the payment of corporate income tax and other taxes.

Effective January 1, 2018, in accordance with the Amendments to the Regulatory Manual issued by PAGCOR on April 6, 2018, ABLE and its subsidiaries, as a licensee of PAGCOR, is exempt from all taxes and is only subject to 5% franchise tax on revenues from bingo gaming operations pursuant to Presidential Decree No. 1869, as amended by Republic Act No. 9487.

Bayanihan to Recover as One Act (Bayanihan 2).
On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

In this regard, the NOLCO incurred in taxable year 2020 can be claimed as deduction from the regular taxable income for the next 5 consecutive taxable years pursuant to the Bayanihan to Recover As One Act. On the other hand, the NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next 3 consecutive taxable years.

22. Earnings Per Share

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

	2020	2019	2018
Net income (loss) attributable to Parent Company	**(₱1,298,290,376)**	₱95,656,550	₱479,645,976
Dividends on preferred shares	–	(233,145,000)	(70,125,000)
Effect of preferred shares held by ABLE	–	3,102,500	3,102,500
Income (loss) attributable to ordinary stockholders of the Parent Company (a)	**(1,298,290,376)**	(134,385,950)	412,623,476
Adjusted weighted average number of shares outstanding (b)	**2,417,500,000**	2,011,616,836	1,199,230,595
Basic earnings per share (a/b)	**(₱0.5370)**	(₱0.0668)	₱0.3441

Diluted earnings per share is computed as follows:

	2020	2019	2018
Income (loss) attributable to ordinary stockholders of the Parent Company *(a)*	**(₱1,298,290,376)**	(₱134,385,950)	₱412,623,476
Adjusted weighted average number of shares outstanding *(b)*	**2,417,500,000**	2,011,616,836	1,199,230,595
Effect of dilutive potential common shares* *(c)*	**80,675,000**	80,675,000	80,675,000
Adjusted weighted average number of shares outstanding (d=b+c)	**2,498,175,000**	2,092,291,836	1,279,905,595
Diluted earnings per share (a/d)	**(₱0.5370)****	(₱0.0668)**	₱0.3224

** Adjusted for the convertible warrants (see Note 14).*
*** The effect of the convertible warrants is antidilutive.*

23. Segment Information

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

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

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

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

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

Analysis of financial information by business segment in 2020 is as follows:

	Online Group	Casino Group	Retail Group	Property Group	Others	Eliminations	Consolidated
External revenue	₱806,090,842	₱344,598,661	₱2,404,142,540	₱28,488,338	₱–	₱–	₱3,583,320,381
Cost and operating expenses	697,489,634	483,848,180	2,792,211,656	42,024,480	197,720,601	–	4,213,294,551
Segment results	108,601,208	(139,249,519)	(388,069,116)	(13,536,142)	(197,720,601)	–	(629,974,170)
Finance expense	(9,029,380)	(27,361,993)	(91,011,322)	(169,451,755)	(15,953,838)	–	(312,808,288)
Unrealized gains on changes in fair values of investment properties - net	1,130,000	–	–	281,184,883	–	–	282,314,883
Impairment loss on financial assets	(101,669,836)	(518,007)	(44,340,832)	–	(94,139,698)	–	(240,668,373)
Impairment loss on non-financial assets	–	(1,524,967)	(51,774,680)	–	–	(164,792,402)	(218,092,049)
Equity in net earnings of a joint venture	–	–	–	–	(102,440,007)	–	(102,440,007)
Gain (loss) on sale of an asset	(52,328,983)	–	4,894,770	–	–	–	(47,434,213)
Finance income	1,702,164	120,172	458,478	23,849,428	73,282	–	26,203,524
Foreign exchange loss - net	(29,538,563)	96,023	(70,449)	24,720,000	1,135	–	(4,791,854)
Equity in net earnings of associates	(69,634,529)	–	(713,720)	–	–	69,634,529	(713,720)
Other income (expenses) - net	4,380,440	75,107	10,530,020	(30,704)	(72,483)	(2,715,605)	12,166,775
Remeasurements of defined benefit liability - net of tax	7,633,506	–	(14,162,491)	–	–	–	(6,528,985)
Unrealized gain on investment in FVOCI	–	–	–	–	5,904,912	–	5,904,912
Income tax	(12,517,874)	(1,967,415)	–	(87,571,568)	199,520	–	(101,857,337)
Total Comprehensive Income (Loss)	(₱151,271,847)	(₱170,330,599)	(₱574,259,342)	₱59,164,142	(₱404,147,778)	(₱97,873,478)	(₱1,338,718,902)
Other Information							
Segment assets	₱3,347,270,660	₱1,596,313,174	₱2,378,736,449	₱12,185,197,974	₱4,118,095,423	(₱7,132,138,751)	₱16,493,474,929
Investments and advances	214,518,190	–	104,798,672	1,058,397,284	4,841,173,663	(4,028,293,049)	2,190,594,760
Total Assets	₱3,561,788,850	₱1,596,313,174	₱2,483,535,121	₱13,243,595,258	₱8,959,269,086	(₱11,160,431,800)	₱18,684,069,689
Total Liabilities	₱2,279,924,902	₱1,697,553,392	₱2,856,679,058	₱7,969,088,399	₱2,335,623,707	(₱8,613,812,345)	₱8,525,057,113
Capital expenditures	₱3,609,073	₱15,224,692	₱18,184,491	₱246,044	₱654,737	₱–	₱37,919,037
Depreciation and amortization	43,971,622	157,226,005	300,979,393	4,270,025	27,843,189	–	534,290,234

Analysis of financial information by business segment in 2019 is as follows:

	Online Group	Casino Group	Retail Group	Property Group	Others	Eliminations	Consolidated
External revenue	P1,079,725,322	₱1,325,287,557	₱8,162,258,852	₱46,787,265	₱–	P–	₱10,614,058,996
Cost and operating expenses	947,832,223	1,173,522,526	7,862,999,434	361,077,613	355,035,294	–	10,700,467,090
Segment results	131,893,099	151,765,031	299,259,418	(314,290,348)	(355,035,294)	–	(86,408,094)
Unrealized gains on changes in fair values of investment properties - net	1,030,000	–	–	2,448,394,356	–	–	2,449,424,356
Loss on sale of an investment	–	–	–	(741,480,264)	–	–	(741,480,264)
Finance expense	(22,292,162)	(41,139,243)	(155,081,668)	(274,723,196)	(57,039,789)	–	(550,276,058)
Equity in net earnings of a joint venture	–	–	–	–	149,007,689	–	149,007,689
Impairment loss on non-financial assets	(1,401,782)	(285,165)	(89,634,544)	–	(37,169,473)	(8,183,009)	(136,673,973)
Impairment loss on financial assets	–	–	(6,843,621)	(3,572,360)	(100,000,000)	–	(110,415,981)
Equity in net earnings of associates	41,212,400	–	–	91,601,846	–	(41,212,400)	91,601,846
Foreign exchange loss - net	8,912,659	2,063,703	1,594,931	1,640,086	(709,982)	–	13,501,397
Finance income	1,781,552	102,327	712,190	4,531,803	934,909	(3,892,861)	4,169,920
Other income (expenses) - net	(118,158,177)	(3,727,807)	29,578,843	(10,215,720)	605,168,376	(610,000,000)	(107,354,485)
Unrealized gain on investment in FVOCI	–	–	–	–	(61,454,830)	–	(61,454,830)
Remeasurements of defined benefit liability - net of tax	(803,278)		26,740,730	–	–	–	25,937,452
Income tax	(17,000,513)	(9,391,516)	(5,655,061)	(728,309,654)	(107,637,032)	–	(867,993,776)
Total Comprehensive Income (Loss)	P25,173,798	₱99,387,330	₱100,671,218	₱473,576,549	₱36,064,574	(₱663,288,270)	₱71,585,199
Other Information							
Segment assets	₱2,896,547,567	P1,855,972,239	₱3,115,389,930	₱11,309,957,848	P5,786,085,868	(₱5,822,074 ,224)	₱19,141,879,228
Investments and advances	291,590,209	–	126,276,497	1,050,079,481	5,005,753,367	(4,184,583,994)	2,289,115,560
Total Assets	₱3,188,137,776	₱1,855,972,239	₱3,241,666,427	₱12,360,037,329	P10,791,839,235	(₱10,006,658,218)	₱21,430,994,788
Total Liabilities	₱1,747,071,322	₱1,786,836,170	₱2,945,494,227	P7,140,801,751	₱2,114,046,078	(₱7,414,525,465)	P8,319,724,083
Capital expenditures	₱4,435,006	₱89,984,225	P91,576,740	₱499,920	₱1,704,509	₱–	₱188,200,400
Depreciation and amortization	46,266,135	166,736,738	371,591,336	5,851,087	56,164,988	–	646,610,284

Analysis of financial information by business segment in 2018 is as follows:

	Online Group	Casino Group	Retail Group	Property Group	Others	Eliminations	Consolidated
External revenue	₱1,054,365,127	₱1,430,968,478	₱7,403,096,686	₱25,416,844	₱–	₱–	₱9,913,847,135
Cost and operating expenses	984,771,997	1,258,649,424	7,208,502,982	85,532,603	370,648,126	–	9,908,105,132
Segment results	69,593,130	172,319,054	194,593,704	(60,115,759)	(370,648,126)	–	5,742,003
Unrealized gains on changes in fair values of investment properties - net	(83,480,633)	–	–	1,412,889,163	–	–	1,329,408,530
Finance expense	(11,111,631)	(25,982,488)	(82,886,523)	(269,943,153)	(38,252,548)	–	(428,176,343)
Impairment loss on financial assets	(3,492,450)	–	(5,648,774)	(157,500,000)	(15,000,000)	–	(181,641,224)
Equity in net earnings of a joint venture	–	–	–	–	114,866,158	–	114,866,158
Impairment loss on non-financial assets	–	(10,369,524)	(101,496,473)	–	–	–	(111,865,997)
Equity in net earnings of associates	44,001,185	–	(31,296)	70,453,190	–	(44,001,185)	70,421,894
Foreign exchange loss - net	317,631	–	(9,477,871)	(16,482,993)	1,384,052	–	(24,259,181)
Finance income	41,791	27,855	159,974	1,142,908	23,552	–	1,396,080
Other income (expenses) - net	3,689,549	(8,077,324)	86,842,716	157,509,892	(1,631,810)	–	238,333,023
Revaluation surplus - net of tax	(89,182,693)	–	–	–	–	–	(89,182,693)
Unrealized gain on investment in FVOCI	–	–	–	–	14,871,625	–	14,871,625
Remeasurements of defined benefit liability - net of tax	1,165,602	–	26,740,731	–	–	–	27,906,333
Income tax	(14,524,957)	(4,373,527)	(3,630,770)	(395,843,025)	(130,769,815)		(549,142,094)
Total Comprehensive Income (Loss)	(₱82,983,476)	₱123,544,046	₱105,165,418	₱742,110,223	(₱425,156,912)	(₱44,001,185)	₱418,678,114
Other Information							
Segment assets	₱2,869,682,502	₱1,477,276,865	₱2,886,540,166	₱7,775,829,278	₱1,740,010,410	(₱3,256,837,276)	₱13,492,501,945
Investments and advances	256,011,589	–	136,037,231	3259328746	4,756,745,679	(3,834,338,630)	4,573,784,615
Total Assets	₱3,125,694,091	₱1,477,276,865	₱3,022,577,397	₱11,035,158,024	₱6,496,756,089	(₱7,091,175,906)	₱18,066,286,560
Total Liabilities	₱1,686,896,034	₱1,342,245,771	₱2,516,357,053	₱5,816,145,870	₱2,067,794,954	(₱4,471,730,349)	₱8,957,709,333
Capital expenditures	₱34,456,880	₱74,062,894	₱116,426,556	₱2,389,165	₱8,914,150	₱–	₱236,249,645
Depreciation and amortization	43,964,764	102,496,432	285,922,074	(914,337)	39,833,447	–	471,302,380

There were no intersegment sales recognized among reportable segments in 2020, 2019 and 2018. Unallocated corporate expenses consist of net operating expenses of the Parent Company. Assets of the individual segments mainly comprise investments and advances, due from related parties, property and equipment, and trade receivables. Liabilities of the individual segments include loans payable, trade and other payables, retirement benefits liability, and due to related parties. Capital expenditures on noncurrent assets represent additions to property and equipment and investment properties. Noncash expenses pertain to depreciation and amortization expense attributable to reportable segments.

24. Other Matters

Electronic Bingo and Rapid Bingo

The revenues from electronic bingo and rapid bingo are presented in the consolidated statement of comprehensive income net of the share of owners of electronic bingo and rapid bingo machines as follows:

Electronic bingo

	2020	2019	2018
Gross receipts from electronic bingo	**₱2,226,870,374**	₱6,707,521,455	₱6,087,271,518
Less share of owners of electronic bingo machines	**481,194,561**	1,418,291,195	1,332,365,257
Net revenues	**₱1,745,675,813**	₱5,289,230,260	₱4,754,906,261

Rapid bingo

	2020	2019	2018
Gross receipts from rapid bingo	**₱92,437,390**	₱306,618,320	₱247,221,904
Less share of owners of rapid bingo machines	**6,570,270**	22,406,115	16,835,474
Net revenues	**₱85,867,120**	₱284,212,205	₱230,386,430

Income from junket operations

On July 3, 2013, PAGCOR awarded PIKI the authority to bring pre-registered non-Philippine junket players to play in the junket Gaming Rooms at PAGCOR's Casino Filipino - Midas, with a minimum gaming table mix to be determined by PAGCOR. The Group's income from PIKI's junket operations amounted to ₱111,551,571 in 2020, ₱689,770,381 in 2019, and ₱895,694,852 in 2018.

Revenues from e-Casino

ABLE generates income from e-casino representing operator's share in e-Casino game winnings. E-Casino offers popular casino games such as baccarat, poker and roulette via computer terminals. Income generated from these operations which amounted to ₱17,032,507 in 2020, ₱52,201,738 in 2019, and nil in 2018 are presented as part of "Commission income" account in the consolidated statement of comprehensive income.

The Group's revenue from TGXI's commission income from PeGS which amounted to ₱124,926,928 in 2020, ₱301,450,264 in 2019, and ₱291,607,194 in 2018 are presented as part of "Commission income" account in the consolidated statement of comprehensive income.

Contingencies
The Group currently has several tax assessments and legal cases. The Group's estimate of the probable costs for the resolution of these assessments has been developed in consultation with management as well as outside legal counsel handling these matters and is based on an analysis of potential results. The Group currently does not believe that these tax assessments and legal cases will have a material adverse effect on its consolidated statement of financial position and consolidated statement of financial performance. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings. No provision for probable losses were made in relation to these tax and legal assessments.

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill.
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Company in 2020 is 27.50%. This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as at December 31, 2020, amounting to ₱7,530,737 and ₱1,941,342, respectively, or a reduction of ₱1,017,476. The reduced amounts will be reflected in the Group's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.

- This will result in lower deferred tax liabilities as at December 31, 2020 and provision for deferred tax for the year then ended by ₱202,693,473. These reductions will be recognized in the 2021 financial statements.

25. Financial Risk and Capital Management Objectives and Policies

Financial Risk Management Objectives and Policies
The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

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

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

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

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

Credit Risk

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

Financial information on the Group's maximum exposure to credit risk as at December 31, 2020 and 2019, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	Note	**2020**	2019
Amortized cost			
Cash and cash equivalents*	*4*	**₱281,514,428**	₱2,470,113,025
Receivables - net	*5*	**1,694,923,124**	1,890,682,866
Lease receivables	*17*	**20,419,557**	29,803,525
Rental deposits	*11*	**442,854,472**	432,823,436
Cash performance bonds	*11*	**306,450,000**	298,950,000
Performance cash deposits and betting credit funds	*11*	**32,450,000**	32,450,000
Due from related parties	*20*	**155,000,000**	155,000,000
		2,933,611,581	5,309,822,852
FVOCI	*9*	**112,630,736**	106,725,824
		₱3,046,242,317	₱5,416,548,676

**Excluding cash on hand and payout fund amounting to ₱92,459,872 and ₱88,532,255 as at December 31, 2020 and 2019, respectively.*

Cash and cash equivalents

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

Receivables

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

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

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

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

The Group has recognized impairment losses on receivables to third party of ABLE amounting to ₱35,854,607 in 2020, ₱32,942,310 in 2019 and ₱21,641,224 in 2018 due to cessation of operations of its debtors.

As at reporting date, there were no significant concentrations of credit risk.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of receivables not past due or past due by up to 60 days.

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

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

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

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

The most significant amount of due from related parties of the Group are the advances to BLRI and HEPI, an associate and a joint venture, respectively, of the Parent Company.

Aging Analysis. Set out below is the aging of financial assets as at December 31, 2020 and 2019

	2020					
		Past Due				
	Current	30 Days	60 Days	90 Days and Above	ECL	Total
Cash and cash equivalents*	**₱281,514,428**	**₱–**	**₱–**	**₱–**	**₱–**	**₱281,514,428**
Receivables	**662,553,825**	**95,153,141**	**25,601,174**	**911,614,984**	**493,534,727**	**2,188,457,851**
Lease receivables	**20,419,557**	–	–	–	–	**20,419,557**
Rental deposits	**442,854,472**	–	–	–	–	**442,854,472**
Cash performance bonds	**306,450,000**	–	–	–	–	**306,450,000**
Performance cash deposits and betting credit funds	**32,450,000**	–	–	–	–	**32,450,000**
Due from related parties	**155,000,000**	–	–	–	–	**155,000,000**
Financial assets at FVOCI	**112,630,736**	–	–	–	–	**112,630,736**
	₱2,013,873,018	**₱95,153,141**	**₱25,601,174**	**₱911,614,984**	**₱493,534,727**	**₱3,539,777,044**

**Excluding cash on hand and payout fund amounting to ₱92,459,872.*

	2019					
			Past Due			
	Current	30 Days	60 Days	90 Days and Above	ECL	Total
Cash in banks*	₱2,470,113,025	₱–	₱–	₱–	₱–	₱2,470,113,025
Receivables	1,417,920,664	53,632,602	47,171,968	371,957,632	248,408,408	2,139,091,274
Lease receivables	29,803,525	–	–	–	–	29,803,525
Rental deposits	432,823,436	–	–	–	–	432,823,436
Cash performance bonds	298,950,000	–	–	–	–	298,950,000
Performance cash deposits and betting credit funds	32,450,000	–	–	–	–	32,450,000
Due from related parties	155,000,000	–	–	–	–	155,000,000
Financial assets at FVOCI	106,725,824	–	–	–	–	106,725,824
	₱4,943,786,474	₱53,632,602	₱47,171,968	₱371,957,632	₱248,408,408	₱5,664,957,084

*Excluding cash on hand and payout fund amounting to ₱88,532,255.

Credit risk under general and simplified approach

	2020				
	General Approach			**Simplified**	
	Stage 1	**Stage 2**	**Stage 3**	**Approach**	**Total**
Cash and cash equivalent*	**₱281,514,428**	**₱–**	**₱–**	**₱–**	**₱281,514,428**
Receivables - net	–	–	–	**1,694,923,124**	**1,694,923,124**
Lease receivables	–	–	–	**20,419,557**	**20,419,557**
Rental deposits	**442,854,472**	–	–	–	**442,854,472**
Cash performance bonds	**306,450,000**	–	–	–	**306,450,000**
Performance cash deposits and betting credit funds	**32,450,000**	–	–	–	**32,450,000**
Due from related parties	**155,000,000**	–	–	–	**155,000,000**
Financial assets at FVOCI	**112,630,736**	–	–	–	**112,630,736**
	₱1,330,899,636	**₱–**	**₱–**	**₱1,715,342,681**	**₱3,046,242,317**

*Excluding cash on hand and payout fund amounting to ₱92,459,872.

	2019				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks*	₱2,470,113,025	₱–	₱–	₱–	₱2,470,113,025
Receivables - net	–	–	–	1,890,682,866	1,890,682,866
Lease receivables	–	–	–	29,803,525	29,803,525
Rental deposits	432,823,436	–	–	–	432,823,436
Cash performance bonds	298,950,000	–	–	–	298,950,000
Performance cash deposits and betting credit funds	32,450,000	–	–	–	32,450,000
Due from related parties	155,000,000	–	–	–	155,000,000
Financial assets at FVOCI	106,725,824	–	–	–	106,725,824
	₱3,496,062,285	₱–	₱–	₱1,920,486,391	₱5,416,548,676

*Excluding cash on hand and payout fund amounting to ₱88,532,255.

Simplified Approach. Set out below is the information about the credit risk exposure on the Group Company's trade receivables using simplified approach (provision matrix):

	2020					
	Days Past Due					
	Current	**<30 days**	**30-90 days**	**More than 90 Days**	**Credit Impaired**	**Total**
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	**₱682,973,382**	**₱95,153,141**	**₱25,601,174**	**₱911,614,984**	**₱493,534,727**	**₱2,208,877,408**
Expected credit loss	–	–	–	–	**493,534,727**	**493,534,727**
	₱682,973,382	**₱95,153,141**	**₱25,601,174**	**₱911,614,984**	**₱–**	**₱1,715,342,681**

	2019					
	Days Past Due					
	Current	<30 days	30-90 days	More than 90 Days	Credit Impaired	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	₱1,447,724,189	₱53,632,602	₱47,171,968	₱371,957,632	₱248,408,408	₱2,168,894,799
Expected credit loss	–	–		–	248,408,408	248,408,408
	₱1,447,724,189	₱53,632,602	₱47,171,968	₱371,957,632	₱–	₱1,920,486,391

Liquidity Risk

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

The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury and cash management functions of the Group are centralized. Management has placed controls and procedures to closely monitor the Group's existing obligations. Additionally, the Group has also been negotiating with lenders to restructure and extend its term loans, renewing and obtaining additional credit lines, negotiating new payment terms with some suppliers and lessors, and implementation of its business continuity plan to ensure that sufficient cash is maintained to cover working capital requirements.

In addition, the Group has an omnibus line of credit with a number of Philippine banks consisting of commitments for short term loans, letters of credit and documents against acceptances/documents against payment (DA/DP) facilities trust receipts. As at December 31, 2020 and 2019, the total commitment under the line of credit is ₱1,115,000,000 and ₱1,000,000,000, respectively. As at December 31, 2020 and 2019, the Group has drawn ₱983,012,500 and ₱893,892,480, respectively. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates (see Note 12).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements of the Group:

	2020				
	Carrying Amount	**Contractual Cash Flow**	**6 Months or Less**	**6-12 Months**	**1-5 Years**
Other Financial Liabilities					
Trade and other payables	**₱1,846,449,268**	**₱1,846,449,268**	**₱1,846,449,268**	**₱–**	**₱–**
Short-term and long-term loans payable	**4,130,757,888**	**4,424,509,825**	**1,244,229,193**	**365,487,377**	**2,814,793,255**
Lease liabilities	**815,841,312**	**1,559,186,279**	**251,463,539**	**250,308,863**	**1,057,413,877**
Deposits	**90,941,546**	**90,941,546**	**–**	**–**	**90,941,546**
	₱6,883,990.014	**₱7,921,086,918**	**₱3,342,142,000**	**₱615,796,240**	**₱3,963,148,678**

** Excluding statutory payables amounting to ₱20,719,116.*

	2019				
	Carrying Amount	Contractual Cash Flow	6 Months or Less	6-12 Months	1-5 Years
Other Financial Liabilities					
Trade and other payables	₱1,841,261,450	₱1,841,261,450	₱1,841,261,450	₱–	₱–
Short-term and long-term loans payable	3,889,850,445	4,455,853,425	957,269,241	345,171,088	3,153,413,096
Lease liabilities	781,776,527	1,010,556,416	125,582,565	144,613,584	740,360,267
Deposits	97,807,175	97,807,175	–	–	97,807,175
	₱6,610,695,597	₱7,405,478,466	₱2,924,113,256	₱489,784,672	₱3,991,580,538

** Excluding statutory payables amounting to ₱138,630,807.*

The Group expects to meet its operating assets and liabilities, capital expenditure and investment requirements for the next 12 months primarily from the issuance of common shares.

On January 1, 2019 the stockholders approved the issuance of up to 1,300,147,488 common shares from the unissued capital stock through a private placement at a price based on a premium over the closing price of the shares of LRWC on November 29, 2018. The Board of Directors (BOD) approved and ratified the issuance and subscription of its 1,300,147,488 common shares at an issue price of ₱3.60 on the same date. In March and April 2019, 1,217,647,488 common shares were subscribed at ₱3.60 per share by virtue of the subscription agreements entered into by LRWC with its investors.

The proceeds from the issuance of common shares will be used to partially settle the Group's existing obligations, and finance its expansion programs, and working capital requirements to enable it to continue to operate as a going concern.

Market Risk

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

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

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

Foreign Currency Risk

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

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	2020		2019	
	In USD	**In PhP**	In USD	In PhP
Cash in banks	**$282,893**	**₱13,581,716**	$422,912	₱21,458,555
Trade receivables	**12,679,089**	**608,723,079**	4,527,482	229,724,437
Rental deposits	**416,748**	**20,008,071**	416,748	21,145,794
Trade and other payables	**(3,776,367)**	**(181,303,383)**	(2,929,891)	(148,662,669)
Net assets	**$9,602,363**	**₱461,009,483**	$2,437,251	₱123,666,117

The following are the significant exchange rates applied during the year:

	2020	2019
PHP average rate	**48.06**	50.77
PHP spot rate	**48.01**	50.74

Sensitivity Analysis

A 2% strengthening of the Philippine peso against the US dollars would have increased equity and net income by ₱9,220,154 in 2020 and increased equity and net income by ₱2,473,322 in 2019.

A 2% weakening of the Philippine peso against the US dollars as at December 31, 2020 and 2019 would have had the equal but opposite effect, on the basis that all other variables remain constant.

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

Management is tasked to minimize interest rate risk through interest rate swaps and options, and having a mix of variable and fixed interest rates on its loans. Presently, the Group's short-term and long-term bank loans are market-determined, with the long-term loan interest rates based on PSDT-R2 plus a certain mark-up. The Group has not entered into interest rate swaps and options during 2020 and 2019.

The sensitivity to a reasonably possible change in interest rates with all other variables held constant of the Group's profit before tax for the years ended December 31, 2020 and 2019 follows:

Change in Interest Rates (in Basis Points)	**2020**	2019
300bp rise	**(₱123,922,737)**	(₱14,512,333)
225bp rise	**(92,942,052)**	(10,884,249)
300bp fall	**123,922,737**	14,512,333
225bp fall	**92,942,052**	10,884,249

1 basis point is equivalent to 0.01%.

There is no other impact on the Group's equity other than those affecting the profit or loss.

Equity Price Risk
Equity price risk is such risk where the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The management strictly monitors the movement of the share prices pertaining to its investments. The Group is exposed to equity securities price risk because of investments held by the Group, which are classified in the consolidated financial position as financial asset at FVOCI (see Note 9).

The effect on equity, as a result of a possible change in the fair value of the Group's equity instruments held as AFS financial assets as at December 31, 2020, that could be brought by changes in equity indices with all other variables held constant, are as follows:

Change in Quoted Prices of Investments Carried at Fair Value	**2020**
Increase by 10%	**₱11,263,074**
Increase by 5%	**5,631,537**
Decrease by 10%	**(11,263,074)**
Decrease by 5%	**(5,631,537)**

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

Cash/Receivables/Due from Related Parties/Rental Deposits/Cash Performance Bonds/Performance Cash Deposits and Betting Credit Funds/Trade and Other Payables/Due to a Related Party/Deposits/Short-term Loans Payable
The carrying amounts of cash, receivables, due from related parties, trade and other payables, due to a related party and short-term loans payable approximate their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of rental deposits, cash performance bonds, performance cash deposits and betting credit funds and deposits approximate their fair values as management believes that the effect of discounting cash flows from these instruments is not significant.

Noncurrent Receivable
The fair value is based on the discounted value of future cash flows using the applicable risk-free rates. The fair value is under Level 3 of the fair value hierarchy.

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

Financial assets at FVOCI
The fair value of the FVOCI is based on the quoted market price of the investment in equity as at December 31, 2020 and 2019. The fair value is under Level 1 of the fair value hierarchy.

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

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

	2020	2019
Income (loss) before income tax	**(₱1,236,237,492)**	₱975,096,353
Total equity	**10,159,012,576**	13,111,270,705
	(12.17%)	7.44%

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at December 31, 2020 and 2019.

The Group has a business continuity plan in place to mitigate the loss of revenues as well as to lower the risks involved with its customers and clients. The Group ensures strict compliance with the safety protocols required by PAGCOR and all related government agencies when operations resumed in June 2020, so the playing public may gain confidence in playing within the Group's premises. Costs and expenses were also strictly monitored. The Group has been doing cost saving strategies in the prior year such as negotiating with lessors on the waiver or discount on rentals fees, negotiating with the bank for lower interest rates, reducing personnel cost as operations are still in reduced capacity, among others. As the COVID-19 pandemic has yet to come to an end, the Group will continuously review and revise the Group's business strategies.

SGV
Building a better working world

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ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Leisure & Resorts World Corporation
26th Floor, West Tower, PSE Center
Exchange Road, Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Leisure & Resorts World Corporation and Subsidiaries (collectively referred to as "the Company") as at and for the year ended December 31, 2020, included in this Form 17-A and have issued our report thereon dated May 30, 2021. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
SEC Accreditation No. 1558-AR-1 (Group A),
February 26, 2019, valid until February 25, 2022
Tax Identification No. 214-318-972
BIR Accreditation No. 08-001998-116-2019,
January 28, 2019, valid until January 27, 2022
PTR No. 8534306, January 4, 2021, Makati City

May 30, 2021

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October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Leisure & Resorts World Corporation
26th Floor, West Tower, PSE Center
Exchange Road, Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements Leisure & Resorts World Corporation and Subsidiaries (the Company) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated May 30, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
SEC Accreditation No. 1558-AR-1 (Group A),
February 26, 2019, valid until February 25, 2022
Tax Identification No. 214-318-972
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January 28, 2019, valid until January 27, 2022
PTR No. 8534306, January 4, 2021, Makati City

May 30, 2021

COVER SHEET

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LEISURE & RESORTS WORLD
CORPORATION & SUBSIDIARIES
(Company's Full Name)

26th Floor, West Tower, PSE Center
Exchange Road Ortigas Center
Pasig City
(Business Address: No. Street City/Town/Province)

MS. LUCY DONG
(Contract Person)

+632 8637-5291 to 93
(Company Telephone Number)

1 2 | 3 1
Month *Day*
(Fiscal Year)

17-Q
(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2021**

2. Commission identification number **13174**

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

LEISURE & RESORTS WORLD CORPORATION

4. Exact name of issuer as specified in its charter

PASIG CITY, METRO MANILA, PHILIPPINES

5. Province, country or other jurisdiction of incorporation or organization

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

26F, WEST TOWER, PSE CENTER, EXCHANGE ROAD, ORTIGAS CENTER, PASIG CITY

7. Address of registrant's principal office

+632 8637-5291 to 93

8. Issuer's telephone number, including area code

NOT APPLICABLE

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common	2,417,500,000/NA
Preferred	0/NA
Warrants	82,500,000/NA

11. Are any or all of the securities listed on a Stock Exchange?

Yes [/] No [ ]

12. Indicate by check mark whether the registrant:

a.) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

Yes [/] No [ ]

b.) has been subject to such filing requirements for the past ninety (90) days.

Yes [/] No [ ]

On March 16, 2018, BCGLC entered into a Lease and Technical Assistance Agreement with Entertainment Gaming Philippines, Inc. (EGP) for the lease of slot machines. By virtue of the Agreement, BCGLC shall be paid an amount equivalent to 16% of the Monthly Net Wins derived from the operations of the leased machines.

On January 19, 2019, BCGLC entered into an Asset Purchase Agreement with EGP for the sale of two (2) PAGCOR VIP Clubs at San Pedro Town Center, Laguna and Universal Park Mall, Sta. Cruz, Manila.

FCLRC

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

In the local scene, recent developments significantly affected FCLRC's business and operations due to the issuance on September 1, 2016 by the PAGCOR of the "Rules and Regulations for Philippine Offshore Gaming Corporations". The said PAGCOR Regulations was adopted to regulate the issuance of licenses which provide and participate in offshore gaming services or online games of chance via the Internet.

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following: (1) CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming; (2) CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements; (3) To protect FCLRC's interest and investment as the pioneer Licensor, CEZA effectively restricted itself from directly issuing Gaming Licenses to FCLRC's current and previous licensees; (4) All applicants for gaming licenses from CEZA shall post the amount of USD100 million as an investment commitment. In consideration of the significant actual and future investments attributable to FCLRC, CEZA shall credit such investments towards the investment commitment compliance of applications for gaming licenses coursed through FCLRC.

FCLRC owns 60% of the outstanding capital stock of FCCDCI.

LRDCSI

On May 20, 2016, LRDCSI was registered and incorporated with SEC. LRDCSI is a technology company engaged in aggregating data and telecommunication services. LRDCSI's revenue model involves acquiring services from local and foreign technology and telecommunication companies at wholesale rates, bundling said services and then reselling the services at retail rates.

The premium for such activity is warranted given the bespoke and higher level of customer engagement provided by LRDCSI. LRDCSI's portfolio includes solutions related to data center co-location, Internet, private leased lines, mobile and video platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in the industry sectors including land based and online gaming operators. LRWC owns 80% of the outstanding capital of LRDCSI while one of the incorporators owns the remaining 20%.

LRDCSI owns 20% of the outstanding capital stock of FCCDCI effective January 1, 2017.

LRDCSI commenced its commercial operations on October 1, 2017.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

LRWC is functioning as a holding company with minimal operations. The Company is focusing its endeavor in supporting the productivity programs of its subsidiaries as grouped in the following segments: **CASINO** (1) Prime Investment Korea, Inc. (PIKI - 100% owned), (2) Blue Chip Gaming and Leisure Corporation (BCGLC - 100% owned),(3) Gold Coast Leisure World Corp. (GCLWC - 100% owned); **ONLINE** (4) First Cagayan Leisure and Resort Corporation (FCLRC - 69.68% owned),(5) LR Data Center and Solutions, Inc. (LRDCSI - 80% owned), (6) First Cagayan Converge Data Center Inc. (FCCDCI - 57.8%); **RETAIL** (7) AB Leisure Exponent, Inc. (ABLE - 100% owned), (8) Total Gamezone Xtreme, Inc. (TGXI - 100% owned); and **PROPERTY** (9) AB Leisure Global, Inc. (ABLGI - 100% owned), (10) LR Land Developers, Inc. (LRLDI - 100% owned).

<u>PIKI</u>
PIKI was registered with Philippine Securities and Exchange Commission (SEC) on November 9, 2012 and started its commercial operations on July 26, 2013. Its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property. 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.

<u>BCGLC and GCLWC</u>
On April 27, 2011, LRWC acquired 70% of BCGLC's outstanding capital stock. BCGLC operates Slot Arcades at the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga under a license issued by the PAGCOR. On July 24, 2015, BCGLC incorporated a subsidiary, GCLWC. GCLWC was incorporated to comply with Section 18, Chapter III of the Implementing Rules and Regulations of Republic Act No. 7227. GCLWC obtained its Certificate of Registration in Subic Bay Metropolitan Authority on August 2, 2016. On December 1, 2015, LRWC acquired the remaining 30% of BCGLC bringing its total ownership to 100%.

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

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

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

FCCDCI

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 November 14, 2007. The joint venture corporation was formed to engage in the business of information technology such as IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution, premium dial up access, voice over internet protocol, IP-wide area network services and other value-added services. Presently, FCCDCI provides a range of services to Internet Gaming Operators at the CSEZFP for a fee.

FCCDCI commenced its commercial operations on January 1, 2008. IPVG Corp. acquired IPCDCC's interest in FCCDCI and entered into a Deed of Subscription of Rights with IP E-Games Ventures, Inc. (IP E-Games), whereby IPVG Corp. assigned 9,999,998 shares of stock in FCCDCI with a par and issue value of ₱1. The assignment was made effective January 1, 2009. However, on April 13, 2011, the Board of Directors of both IP E-Games and IPCDCC jointly approved the sale of IP E-Games' 40% equity stake in FCCDCI for a total consideration of ₱120.0 million.

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

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

By virtue of the Deed of Absolute Sale of Share of Stock entered into by IPVI and LRDCSI, LRWC obtained a 57.808% effective interest and control in FCCDCI through its direct subsidiaries FCLRC and LRDCSI at 60% and 20% equity stake in FCCDCI, respectively. Thus, due to the effect of the 20% additional equity interest, FCCDCI is consolidated into the Group effective January 1, 2017.

ABLE

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

Site Count and Site Acquisitions

In 2017, ABLE through its subsidiaries, opened additional nine (9) sites, of which three (3) sites were built in the following locations: (1) Il Centro Sta. Lucia; (2) Imall Camarin Caloocan; and (3) Robinsons Las Pinas. The remaining six (6) sites were acquired by ABLE through its subsidiaries in the following areas: (4) St. Thomas Square, Matalino Quezon City; (5) Tanjuatco Building, Tanay; (6) FRC Mall Bacoor, Cavite; (7) Northwalk San Fernando, Pampanga; (8) Puregold Novaliches; and (9) ATI Building Don Domingo Centro 2 Tuguegarao. This resulted in goodwill amounting to ₱48.7 million.

In September 2018, ABLE opened two (2) new sites in the following locations: (1) GD Plaza Guiguinto Bulacan and (2) Mactan Marina Mall.

ABLE permanently closed four (4) sites in 2017 and two (2) sites in 2018.

In 2019, Retail Group opened 6 new sites.

As of March 31, 2021, ABLE has a total of 140 operational sites nationwide.

Corporate Income Tax
On April 17, 2013, the applicability of RMC No. 33-2013 was clarified by PAGCOR in a Memorandum dated 09 July 2013 stating: "Pursuant to RMC No. 33-2013, PAGCOR's contractees and licensees, which include bingo grantees, are subject to income tax, under the National Internal Revenue Code (NIRC), as amended, and no longer subject to the 5% franchise tax. In view thereof, please be advised that effective the third quarter of this year, bingo grantees should no longer remit the 5% franchise tax. However, you ("bingo grantees") are now subject to income tax."

Hence, starting the second quarter of 2013, ABLE has stopped paying the 5% Franchise Tax to PAGCOR and began recognizing provisions for income tax instead.

On April 6, 2018, PAGCOR issued a Memorandum, through its Assistant Vice President, GLDD, stating that on April 4, 2018, PAGCOR's BOD approved the reversion to 5% Franchise tax on income from bingo game operations and bingo sites. The implementation of the 5% Franchise tax on bingo game offerings shall take effect on January 1, 2018. By the virtue of the memorandum issued, ABLE no longer recognized provision for income tax starting January 1, 2018.

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

Site Count
Due to the expiration of IPLMA license of Philweb last August 10, 2016, TGXI closed three (3) of its sites as well as 1,494 terminals in its 51 other sites.

The following month, TGXI received notices from PAGCOR informing that the PAGCOR's BOD issued an order to immediately cease the operations of its Electronic Games at its 17 sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Bingo Games version 2.0. In response to this, LRWC sent a letter of reconsideration to PAGCOR.

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

In February 2017, PAGCOR further allowed another site to be re-opened, while management decided to permanently close 12 sites.

In 2018, management decided to permanently close four (4) sites and open one (1) site.

As of March 31, 2021, TGXI has 31 operational sites.

ABLGI
On January 14, 2011, LRWC and 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, ABLGI, LRWC, Belle, Belle Grande Resource Holdings, Inc. ("BGRHI"), and PLAI entered into a Memorandum of Agreement ("ABLGI MOA") effectively terminating its ABLGI Agreements. In consideration for the waiver of the Company's rights under the ABGLI Agreements, Belle and PLAI have agreed to pay the Company, among others, an amount equivalent to the 30% interest in the net lease income of the Project and the 30% share in the gaming revenue derived therefrom. These are to be paid to ABLGI 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 BGHRI as funding to the project and provided that such shall be treated as a loan payable in annual installments commencing on the fifth anniversary of the transfer date. As such, the difference between the 30% share in the net lease income of the Project and the principal and interest payments on the ABLGI advance will be considered as the annual compensation fee.

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

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

In 2017, ABLGI incorporated 7 direct and indirect subsidiaries as follows:

Company	**Incorporation Date**	**Nature of Business**
AB Leisure Asia Holdings Inc.	August 30, 2017	Holding Company
AB Leisure Holdings Philippines Corp.	September 6, 2017	Holding Company
G-L Real Estate JV Corporation	September 15, 2017	Real Estate
G Boracay Land Holdings Inc.	October 10, 2017	Holding Company
G Boracay Alpha Holding Corp.	October 18, 2017	Holding Company
G Boracay Beta Holding Corp.	October 18, 2017	Holding Company
G Boracay Gamma Holding Corp.	October 18, 2017	Holding Company

In October 2017, LRWC signed an Omnibus Loan and Security Agreement (OLSA) for Two Billion Five Hundred Million Pesos (Php 2,500,000,000.00) with BDO Unibank, Inc. - Trust and Investment Group as Security Trustee and the Company, LRWC as Surety, for the acquisition, through its subsidiary, of 23 hectares of land property in Boracay for future project. The land properties were acquired the same year.

LRLDI

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

LRLDI is also committed in supporting the development of Cagayan Special Economic Zone and Free Port (CSEZFP). In executing an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), LRLDI has established its support by investing funds into the Lal-Lo Airport Project, Cagayan Economic

Zone and Freeport (CEZFP) International Airport Project, and other facilities within the CSEZFP. These projects aim to improve and further advance CSEZFP into a self-sustaining industrial zone.

LRLDI has significant land properties in Cagayan which are carried at fair value.

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

On November 4, 2019, LRLDI sold the 50% interest of TPI shares for the selling price of ₱1,750,000,000 of which ₱1,000,000,000 was paid in cash while the remaining balance of ₱750,000,000 is payable in 10 years.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AS AGAINST MARCH 31, 2020

CORONAVIRUS PANDEMIC

On January 31, 2020, the World Health Organization ("WHO") declared the novel coronavirus acute respiratory disease (now COVID-19) health event as a public health emergency of international concern.

On March 14, 2020, Philippine President Rodrigo Duterte placed Metro Manila under "Enhanced Community Quarantine" (ECQ). On March 16, 2020, the ECQ was expanded to cover the entire Luzon island. The ECQ, which is effectively a lockdown, restricts the movement of the population to contain the pandemic. The ECQ mandated the temporary closure of non-essential shops and businesses. In line with the declaration of ECQ in Metro Manila, PAGCOR announced on March 15, 2020 that casino operations would be suspended for the duration of the quarantine. The temporary closure applied to PAGCOR-operated casinos, all licensed and integrated resort casinos, electronic games (eGames), bingo (traditional and electronic), sports betting, poker, slot machine clubs and other activities regulated by PAGCOR. Accordingly, all gaming operations of the Group were suspended to comply with PAGCOR's directive.

The ECQ was originally set to last until April 12, 2020 but was extended three (3) times up to May 15, 2020, particularly for Metro Manila and other high-risk COVID-19 areas in Luzon. On May 16, 2020, the government transitioned Metro Manila from ECQ to "Modified Enhanced Community Quarantine" (MECQ). On June 1, 2020, MECQ in Metro Manila and other areas was relaxed to the "General Community Quarantine" (GCQ). On August 4, 2020, Metro Manila and other areas in Luzon were placed under MECQ and were reverted to GCQ on August 19, 2020. Due to the resurgence in COVID-19 cases, Metro Manila and nearby provinces were reverted to ECQ starting March 29, 2021 and were transitioned to less restrictive MECQ on April 12, 2021.

In June 2020, PAGCOR announced that they would allow resumption of gaming sites located on low-risk areas placed under "Modified General Community Quarantine" (MGCQ). Gaming sites within the areas under MGCQ would be allowed to operate at 50% operational capacity, except for Traditional Bingo Halls, which falls under mass gathering, thus, remain suspended. On June 18, 2020, PAGCOR further allowed gaming sites to conduct dry run operations (at 30% operating capacity) on areas under GCQ.

Due to the resurgence in COVID-19 cases in March 2021, Metro Manila and nearby provinces were reverted to ECQ starting March 29, 2021 and were transitioned to the less restrictive MECQ on April 12, 2021. As such, gaming sites within Metro manila and nearby provinces were suspended from March 29, 2021 and awaits guidance from PAGCOR on reopening.

GROSS PROFIT

Breakdown of gross gaming revenues and its related direct costs are as follows:

	For the three months ended March 31			
	2021	2020	Change	% Change
CASINO				
Income from junket operations	₱-	₱358,977,675	(₱358,977,675)	-100.0%
Casino gaming revenues	171,235,994	429,970,419	(258,734,425)	-60.2%
	171,235,994	788,948,094	(617,712,100)	-78.3%
ONLINE				
Service and hosting fees	87,779,935	79,817,122	7,962,813	10.0%
Bandwidth and co-location	86,394,800	135,687,472	(49,292,672)	-36.3%
	174,174,735	215,504,594	(41,329,859)	-19.2%
RETAIL				
Electronic bingo	809,689,581	1,373,489,222	(563,799,641)	-41.0%
Electronic games	124,326,031	198,824,404	(74,498,373)	-37.5%
Rapid bingo	41,743,660	60,685,560	(18,941,900)	-31.2%
Pull tabs	2,740,520	4,430,540	(1,690,020)	-38.1%
Traditional bingo	-	423,795,592	(423,795,592)	-100.0%
	978,499,792	2,061,225,318	(1,082,725,526)	-52.5%
PROPERTY				
Rent income	9,181,298	5,621,304	3,559,994	63.3%
Total gross gaming revenues	1,333,091,819	3,071,299,310	(1,738,207,491)	-56.6%
Franchise fees and taxes	488,074,141	929,832,837	(441,758,696)	-47.5%
Partner's share	188,607,720	640,816,257	(452,208,537)	-70.6%
Vendor share	173,527,776	287,264,796	(113,737,020)	-39.6%
Payout	47,335,400	344,086,858	(296,751,458)	-86.2%
Costs of bandwidth and co-location	46,127,485	120,129,038	(74,001,553)	-61.6%
Other direct costs	9,056,136	6,918,556	2,137,580	30.9%
Total direct costs	952,728,658	2,329,048,342	(1,376,319,684)	-59.1%
Gross profit	₱380,363,161	₱742,250,968	(₱361,887,807)	-48.8%

Consolidated Gross Profit

Consolidated Gross Profit decreased by ₱361.9 million or 48.8% due to the decline of gross gaming revenue from all segments except property. Result of operations was affected by the continuous community quarantine measures implemented by the Philippine government in relation to the COVID-19.

Casino

PIKI (Income from junket operations) remained non-operational since the start of community lockdown in mid-March 2020 up to present, resulting in a decline of ₱359.0 million or 100.0% in gross gaming revenue.

BCGLC and GCLWC (Casino gaming revenues) registered lower turnover figures in the first quarter of 2021 at ₱3.3 billion as compared to ₱7.7 billion in the first quarter of 2020. This resulted in the decline in gross gaming revenue of ₱258.7 million or 60.2% in 2021 Q1 as compared to the same period last year. The decrease was due to closing of Universal site and limited operating time and capacity because of the COVID-19 pandemic.

Online
FCLRC generated ₱87.8 million gross revenues during the first quarter of 2021, an increase of ₱8.0 million or 10.0% from last year's first quarter of ₱79.8 million. The growth can be attributed to various renewals of CEZA Licensees and higher revenues reported by existing licensees.

FCCDCI and LRDCSI's combined gross revenue from bandwidth and co-location in 2021 Q1 amounted ₱86.4 million, a decline of ₱49.3 million or 36.3% as compared to 2020 The decline is primarily due to repricing of data services and terminations or downgrades of services from several customers.

The decreases in Online segment gross revenues can also be attributed as the direct effect of the community quarantine implemented because of the COVID-19 pandemic.

Retail
ABLE and its subsidiaries generated total gross gaming revenues of ₱873.6 million for the first quarter of 2021, a decrease of ₱1,001.9 million or 53.4% from ₱1,875.5 million for the same period last year. The significant decrease in gross gaming revenues was primarily due to the revenue decline in: (1) Electronic bingo (E-bingo) by ₱563.8 million or 41.0%; (2) Traditional bingo by ₱423.8 million or 100.0%; and (3) Rapid bingo by ₱18.9 million or 31.2%.

E-Bingo remained to be ABLE's principal product line as its contribution has been increasing faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. For the first quarter of 2021, E-Bingo represented 94.9% of ABLE's total revenues or ₱827.7 million as compared to the 73.2% contribution amounting to ₱1,373.5 million during the same period last year. As of March 31, 2021, there were a total of 10,580 E-Bingo machines in 139 bingo parlors as compared to 10,978 E-Bingo machines in 152 bingo parlors as of March 31, 2020. As of March 31, 2021, there were a total of 1,544 operational E-bingo machines in 45 bingo parlors.

During the first quarter of 2021, Rapid bingo contributed ₱41.7 million or 4.8% of ABLE's total revenues as compared to ₱60.7 million or 3.2% contribution to total revenues for the same period last year.

TGXI generated gross gaming revenues from electronic games amounting to ₱104.9 million, ₱69.0 million or 39.7% lower than the same period of previous year.

Property
Since the effectivity of the Termination Agreement with Belle Group on March 31, 2017, ABLGI's sole source of revenue was the rent income from the lease of Binondo Suites. Rent income generated amounted to ₱2.1 million for the quarter.

LRLDI generated rent income from its lease of Cyberpark Buildings 1 and 2. Rent income for the first quarter of 2021 amounted to ₱6.2 million.

OPERATING EXPENSES

Breakdown of operating expenses are as follows:

	For the three months ended March 31			
	2021	2020	Change	% Change
People expenses	₱145,986,314	₱250,759,293	(₱104,772,979)	-41.8%
Rentals and utilities	148,360,080	254,784,969	(106,424,889)	-41.8%
Depreciation and amortization	58,091,951	86,637,953	(28,546,002)	-32.9%
Advertising and promotion	3,452,356	56,589,461	(53,137,105)	-93.9%
Taxes and licenses	28,576,853	46,482,594	(17,905,741)	-38.5%
Professional and directors' fees	6,112,796	7,953,316	(1,840,520)	-23.1%
Repairs and maintenance	4,881,821	8,824,895	(3,943,074)	-44.7%
Travel and transportation	1,023,403	6,993,790	(5,970,387)	-85.4%
Interest expense - net	66,574,757	68,447,284	(1,872,527)	-2.7%
Supplies	3,275,230	2,078,208	1,197,022	57.6%
Income tax expense (benefit)	1,309,394	2,772,780	(1,463,386)	-52.8%
Others	25,390,181	73,942,031	(48,551,850)	-65.7%
	₱493,035,136	₱866,266,574	(₱373,231,438)	-43.1%

Overall operating expenses decreased by ₱373.2 million or 43.1% for the first quarter of 2021. There were notable decreases in expenses such as: (a) People expenses by 41.8%; (b) Rental and utilities by 41.8%; (c) Advertising and promotion by 93.9%; (d) Taxes and licenses by 38.5%; (e) Repairs and maintenance by 44.7%; and (f) Travel and transportation by 85.4%. Decreases in expenses were due to the Group's continuing efforts to strictly monitor and manage operational expenses.

CONSOLIDATED NET INCOME

Net income details as follows:

	For the three months ended March 31			
	2021	2020	Change	% Change
Gross gaming revenues	₱1,333,091,819	₱3,071,299,310	(₱1,738,207,491)	-56.6%
Direct costs	(952,728,658)	(2,329,048,342)	1,376,319,684	-59.1%
	380,363,161	742,250,968	(361,887,807)	-48.8%
Operating expenses	(493,035,136)	(866,266,574)	373,231,438	-43.1%
Net Operating loss	(112,671,975)	(124,015,606)	11,343,631	-9.1%
Equity share in net income of a joint venture	-	19,521,971	(19,521,971)	-100.0%
Other income - net	2,637,325	1,095,198	1,542,127	140.8%
Net loss after tax	(110,034,650)	(103,398,437)	(6,636,213)	6.4%
Minority interest	(15,572,985)	(4,583,768)	(10,989,217)	239.7%
Net loss attributable to Parent Company	(₱125,607,635)	(₱107,982,205)	(₱17,625,430)	16.3%

As a result of the foregoing developments, the Group posted a consolidated net loss (net of minority share) during the first quarter of 2021 amounting to ₱125.6 million or an increase of 16.3% from last year's first quarter consolidated net loss of ₱107.9 million. The increase was mainly due to the significant decrease in gross gaming revenues partially offset by decrease in operating expenses.

Net income distribution per business segment is as follows:

	For the three months ended March 31			
	2021	2020	Change	% Change
CASINO				
BCGLC	**(₱14,569,071)**	₱42,072,820	(₱56,641,891)	-134.6%
PIKI	**(13,141,534)**	(11,681,858)	(1,459,676)	12.5%
HEPI*	**-**	19,521,971	(19,521,971)	-100.0%
	(27,710,605)	49,732,933	(77,623,538)	-155.5%
ONLINE				
FCLRC	**27,298,578**	8,614,603	18,683,975	216.9%
FCCDCI/LRDCSI	**17,220,772**	(4,835,380)	22,056,152	-456.1%
	44,519,350	3,779,223	40,740,127	1078.0%
RETAIL				
ABLE and subsidiaries	**(45,198,037)**	(68,932,950)	23,734,912	-34.4%
TGXI	**(3,662,016)**	5,092,635	(8,754,651)	-171.9%
	(48,860,053)	(63,840,315)	14,980,261	-23.5%
PROPERTY				
ABLGI	**(34,528,075)**	(42,624,555)	8,096,480	-19.0%
LRLDI	**1,277,040**	(1,238,407)	2,515,447	-203.1%
	(33,251,035)	(43,862,962)	10,611,927	-24.2%
LRWC (PARENT COMPANY)	**(60,305,292)**	(53,971,084)	(6,334,208)	11.7%
Consolidated net loss	**(₱125,607,635)**	(₱107,982,205)	(₱17,625,431)	16.3%

equity share in joint venture/associate

Financial Condition - March 31, 2021 vs. December 31, 2020

On a consolidated basis, the financial position of LRWC and its subsidiaries - PIKI, BCGLC, FCLRC, LRDCSI, FCCDCI, ABLE, TGXI, ABLGI, and LRLDI - continue to be on solid ground. Total assets as of March 31, 2021 amounted to ₱18.6 billion, although there was a slight decrease of ₱78.4 million or 0.4% as compared to last year's balance of ₱18.7 billion.

Cash Flows - Three Months Ended March 31, 2021 vs. March 31, 2020

Cash balance as of March 31, 2021 of ₱338.9 million represented a decrease of ₱35.1 million from December 31, 2020 mainly due to financing activities such as payment of loan which amounted to ₱153.0 million which was offset by cash inflows from operating and investing activities which amounted to ₱101.4 million and ₱16.5 million, respectively.

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

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

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

PLANS FOR 2021

RETAIL

In 2020, the Retail Group continued to elevate its standards, constantly adapting to the changing business atmosphere brought by the pandemic while prioritizing the health and safety of our people. Our teams have showed great resilience and adaptability as the crisis prolonged and heavily impacted our retail operations. In particular, our branches experienced closures following quarantine declarations and government-mandated lockdowns. However, our good relations with our suppliers and leasing partners paved the way for the essence of "Bayanihan to Heal as One" to prevail as we were able to negotiate waivers and favorable concessions. We also implemented other cost optimization strategies. Aside from these fire-fighting steps, we also have an ultimate goal of securing a sustainable future for our business and continue to deliver value to all our stakeholders, hence, the need to innovate and adapt to the changing consumer and business landscape.

For 2021, we will remain headstrong towards embracing change and setting the business on a path of growth and innovation. Our ambition is to pivot our business and gain new revenue streams via digital transformation (e.g., online games). At the same time, we shall continue to achieve operational efficiencies by streamlining processes as well as reskilling our human capital to ensure an agile and dynamic workforce. It is also our commitment to reduce our debts through restructuring, as well as optimize our costs at branch level, including negotiating for rent concessions. We shall continue to improve our relations with our vendors, so that we can rally for their support of our growth and innovation plans. We also expect COVID-19 restrictions to ease in the 2nd half of the year, thus, we also project an increase in GGR alongside the increase in operational sites. We plan to leverage on this by extending operating hours in strategic sites and re-igniting customer relations.

We shall continue to support our employees, customers, suppliers and communities while shifting our focus towards innovation, profit maximization and cost mitigation measures in our operations. Hopefully, when the time is right, we may then re-visit our expansion plans which were previously in the pipeline prior to COVID-19.

CASINO

Product Improvement

Product improvement is the process of making meaningful product changes that result in new customers or increased benefits realized by existing customers. BCGLC will replace the existing old model of EGM and ETG to the latest models available.

At the same time, BCGLC will also replace the non-performing EGM such with those games that have proven its performance in major casinos in the Philippines in order to maximize the gaming revenue.

Marketing and Promotion

BCGLC marketing plan in 2021 will be based on the following: (1) Product - increase the game mix; (2) Price - various denomination games installed in each club to attract all level of players; and (3) Promotion - intense marketing activities will be held on a weekly, monthly and quarterly basis.

Club Enhancement

Transform the traditional PAGCOR VIP Club to a boutique style casino which allow customers to enjoy their playing time in a quiet and cozy gaming room.

ONLINE/PROPERTY

Following the clarification of the government's position regarding the licensing and regulation of entities involved in online gaming operations and ancillary support services through the issuance of Executive Order 13 in February 2017, FCLRC initiated efforts to put in place the critical elements that are necessary for the CSEZFP to regain its historical status of being the premier online gaming jurisdiction in Asia. Specifically, FCLRC has identified and taken steps to address the following:

Accessibility

FCLRC has determined that the main gateway to the CSEZFP will be through the Cagayan North International Airport (CNIA) located in the municipality of Lal-lo, approximately 80 kilometers southwest of FCLRC's business operations in Santa Ana. LRWC, through its wholly-owned subsidiary LR Land, funded over 50% of the development cost of CNIA through advances to airport owner and operator Cagayan Premium and may convert such advances into majority equity in the airport owner in the future. CEZA provided the other 50% funding for CNIA.

In 2018, a chartered airline servicing one of the locators in Santa Ana successfully launched its maiden flight between Macau and Lal-lo. The chartered airline now flies two round trips a week from Lal-lo to Macau. Also, in 2018, consultants were engaged to assist Cagayan Premium to obtain the authorization from the CAAP for CNIA to operate as a commercial airport. It is expected that with the appointment of trained airport personnel, planned upgrade of the passenger terminal, procurement of ground handling equipment and installation of navigational systems by the 4th quarter of 2020, CNIA will finally be able to operate as a fully-functional commercial airport.

Master-planned Business Park

Initially focusing on its leased 10-hectare property in Santa Ana (Cyberpark) for development, FCLRC is expanding its plans to cover a significantly larger area beyond Cyberpark. In doing so, FCLRC can properly envision and execute a master-planned development that incorporates office, residential and retail commercial buildings as well as recreational areas into a self-contained community catering to online gaming and financial technology companies. FCLRC expects actual master-planning work to commence late in the second quarter or early in the third quarter of 2020. Horizontal land development preparatory work should begin shortly after.

Licenses

To provide the appropriate regulatory environment to its infrastructural development plans, FCLRC successfully renewed its master licensor from CEZA in 2017. In addition, FCLRC was also awarded by CEZA the first land-based casino license in CSEZFP in late 2018. For 2020, FCLRC is angling to obtain a principal financial technology license and explore opportunities involving blockchain technology and cryptocurrency.

FCCDCI and LRDCSI, has built a robust data network infrastructure in Cagayan that is connected to its Metro Manila facilities. Together, both the Cagayan and Metro Manila nodes offer world-class internet connectivity that is essential to online gaming operators. These nodes are, in turn, connected to LR Data nodes located in other countries in the Asia Pacific region. For 2018, additional capital expenditures are programmed to further improve the quality of this data network infrastructure and a new Tier One data center will be on the drawing board. For 2020, additional capital expenditures are programmed to improve facilities in both Cagayan and Manila as follows:

In Cagayan:

1. Initiate the plan including timelines and BOM for a redundancy path for the underground fiber facilities to further improve the stability and uptime of network facilities in the zone. Project implementation will be dependent on management direction and approval.
2. Expand the fiber network in preparation for new CEZA enterprise locators as well as the planned developments of LRLDI and FCLRC.
3. Maximize use of existing fiber optic network to cater to retail markets within the zone.
4. As planned in 2018, LRDCSI will move forward on the new data center facility in the zone and come up with the terms-of-reference for a purpose-built Tier-3 modular data center.

In Manila:

1. Complete the procurement of network equipment to enable end-to-end MPLS services further improving network service performance.
2. Maximize existing Cloud infrastructure to cater to more enterprise and non-gaming customers in Manila.
3. Extend the LRDATA cloud services to Taiwan thru the existing LRDATA Taiwan node to cater to growing gaming BPO operations in the country.
4. Explore other VAS opportunities that may be offered not just to gaming customers but also to other enterprise customers.

PART II – OTHER INFORMATION

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

SIGNATURES

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

Registrant: **LEISURE & RESORTS WORLD CORPORATION**

Signature and Title : NGAN BUN CHEUNG, President
Date: JUN 0 1 2021

Signature and Title: LUCY DONG, Deputy Chief Financial Officer
Date: JUN 0 1 2021

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	March 31, 2021	December 31, 2020
ASSETS			
Current Assets			
Cash	4	₱296,550,644	₱373,974,300
Receivables	5	1,128,960,211	1,117,498,741
Lease receivables - current		2,188,441	2,188,441
Due from related parties	14	155,000,000	155,000,000
Prepaid expenses and other current assets	6	186,359,053	166,526,570
Total Current Assets		1,769,058,349	1,815,188,052
Noncurrent Assets			
Property and equipment - net	7	1,510,763,173	1,568,544,893
Lease receivables - net of current portion		18,231,116	18,231,116
Receivables - net of current portion		502,052,885	502,052,885
Investment properties	8	10,062,793,551	10,058,095,750
Investments and advances	9	2,269,922,296	2,190,594,760
Financial assets at fair value through other comprehensive income (FVOCI)		112,630,736	112,630,736
Goodwill	13	1,329,092,293	1,329,092,293
Other noncurrent assets - net	10	988,798,335	1,014,267,706
Total Noncurrent Assets		16,821,206,190	16,868,881,637
		₱18,563,342,734	₱18,684,069,689
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	₱1,941,132,358	₱1,867,168,384
Short-term loans payable	11	971,546,137	983,012,500
Current portion of:	11		
Long-term loans payable		428,425,715	468,137,132
Lease liabilities		237,288,248	237,998,769
Income tax payable		8,976,479	7,667,086
Total Current Liabilities		3,587,368,937	3,563,983,871
Noncurrent Liabilities			
Long-term loans payable - net of current portion	11	2,645,124,725	2,679,608,256
Lease liabilities - net of current portion		577,842,543	577,842,543
Retirement benefits liability		146,808,654	146,808,654
Deposits		91,347,704	90,941,546
Deferred tax liabilities		1,465,872,243	1,465,872,243
Total Noncurrent Liabilities		4,926,995,869	4,961,073,242
		8,514,364,806	8,525,057,113

	March 31, 2021	December 31,2020
Equity		
Equity Attributable to the Parent Company		
Capital stock	**₱4,067,500,000**	₱4,067,500,000
Additional paid-in capital - common	**4,263,308,184**	4,263,308,184
Treasury shares	**(1,703,950,505)**	(1,703,950,505)
Retirement benefits reserve	**(18,336,411)**	(18,336,411)
Fair value reserve	**6,503,146**	6,503,145
Foreign currency translation reserve	**(2,099,981)**	(2,099,981)
Other reserve	**(19,488,495)**	(19,488,495)
Retained earnings	**3,042,763,722**	3,168,371,357
	9,636,199,661	9,761,807,294
Non-controlling Interests	**412,778,267**	397,205,282
Total Equity	**10,048,977,928**	10,159,012,576
	₱18,563,342,734	₱18,684,069,689

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Period Ended March 31	
	2021	2020
REVENUES		
Electronic bingo	**₱636,161,805**	₱1,086,224,426
Service and hosting fees	**86,543,230**	79,817,122
Bandwidth and co-location	**86,394,800**	135,687,472
Rent income	**69,113,895**	150,370,168
Commission income	**47,021,707**	81,076,776
Rapid bingo	**41,743,660**	60,685,560
Pull tabs	**2,740,520**	4,430,540
Revenue from sub-lease	**1,236,705**	-
Traditional bingo	**-**	423,795,592
Income from junket operations	**-**	121,130,601
	970,956,322	2,143,218,257
COSTS AND OPERATING EXPENSES		
Franchise fees and taxes	**488,074,141**	929,832,837
Rent	**97,148,850**	177,103,460
Salaries and other benefits	**85,313,711**	91,527,370
Contracted services	**60,672,603**	159,231,923
Depreciation and amortization	**58,091,951**	86,637,953
Bandwidth and co-location costs	**52,905,739**	120,129,038
Communications and utilities	**51,211,230**	77,681,509
Payouts	**47,335,400**	344,086,858
Taxes and licenses	**28,576,853**	46,482,594
Professional and directors' fees	**6,112,796**	7,953,316
Repairs and maintenance	**4,881,821**	8,824,895
Advertising and promotion	**3,452,356**	56,589,461
Playing cards	**1,893,691**	2,078,208
Transportation and travel	**1,023,403**	6,993,790
Others	**29,049,601**	80,860,587
	1,015,744,146	2,196,013,799
OPERATING LOSS	**(44,787,825)**	(52,795,542)

(Forward)

	Period Ended March 31	
	2021	2020
OTHER INCOME (EXPENSES) – Net		
Finance expense	**(₱66,600,634)**	(₱68,539,100)
Equity in net earnings of joint ventures	**-**	19,521,971
Finance income	**25,877**	91,816
Foreign exchange gain (loss) - net	**(1,402,218)**	-
Other income - net	**4,039,543**	1,095,198
	(63,937,432)	(47,830,115)
LOSS BEFORE INCOME TAX	**(108,725,256)**	(100,625,657)
PROVISION FOR INCOME TAX	**1,309,394**	2,772,780
NET LOSS	**(110,034,650)**	(103,398,437)
Equity Holders of the Parent Company	**(125,607,635)**	(107,982,205)
Non-controlling interest	**15,572,985**	4,583,768
	(₱110,034,651)	(₱103,398,437)
Basic Earnings Per Share	**(₱0.0520)**	(₱0.0447)
Diluted Earnings Per Share	**(0.0520)**	(0.0447)

Basic earnings per share is computed as follows:

	For the Three Months Ended March 31	
	2021	2020
Total Comprehensive Income attributable to ordinary stockholders of the Parent Company (a)	**(₱125,607,635)**	(107,982,205)
Adjusted weighted average number of shares outstanding (b)	**2,417,500,000**	2,417,500,000
Basic earnings per share (a/b)	**(₱0.0520)**	(₱0.0447)

Diluted earnings per share is computed as follows:

	For the Three Months Ended March 31	
	2021	2020
Total Comprehensive Income attributable to ordinary stockholders of the Parent Company *(a)*	**(₱125,607,635)**	(₱107,982,205)
Adjusted weighted average number of shares outstanding *(b)*	**2,417,500,000**	2,417,500,000
Effect of dilutive potential common shares* *(c)*	**80,675,000**	80,675,000
Adjusted weighted average number of shares outstanding (d=b+c)	**2,498,175,000**	2,498,175,000
Diluted earnings per share (a/d)**	**(₱0.0520)**	(₱0.0447)

**Adjusted for the convertible preferred shares.*
***The effect of the convertible warrants is antidilutive.*

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

For the Three Months Ended March 31, 2021

	Capital Stock		Additional Paid-in Capital - Common	Attributable to Owners of the Parent Company								
	Common Shares	Preferred Shares		Treasury Shares	Retirement Benefits Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2021	₱2,417,500,000	₱1,650,000,000	₱4,263,308,184	(₱1,703,950,505)	(₱18,336,410)	₱6,503,146	(₱2,099,981)	(₱19,488,495)	₱3,168,371,357	₱9,761,807,296	₱397,205,282	₱10,159,012,578
Net loss for the year	-	-	-	-	-	-	-	-	(125,607,635)	(125,607,635)	15,572,985	(110,034,650)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	(125,607,635)	(125,607,635)	15,572,985	(110,034,650)
Balance at March 31, 2021	₱2,417,500,000	₱1,650,000,000	₱4,263,398,184	(₱1,703,950,505)	(₱18,336,410)	₱6,503,146	(₱2,099,981)	(₱19,488,495)	₱3,042,763,722	₱9,636,199,661	₱412,778,267	₱10,048,977,928

For the Three Months Ended March 31, 2020

	Capital Stock		Additional Paid-in Capital - Common	Attributable to Owners of the Parent Company								
	Common Shares	Preferred Shares		Treasury Shares	Retirement Benefits Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2020	₱2,417,500,000	₱1,650,000,000	₱4,263,308,184	(₱90,411,278	(₱9,492,946	₱598,2333	(₱2,099,981)	((₱19,488,495)	₱4,466,661,733	₱12,676,575,449	₱434,695,256	₱13,111,270,705
Net income for the year	-	-	-	-	-	-	-	-	(107,982,205)	(107,982,205)	4,583,768	(103,398,437)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	(107,982,205)	(107,982,205)	4,583,768	(103,398,437
Redemption of preferred shares				(1,650,000,000)						(1,650,000,000)		(1,650,000,000)
Balance at March 31, 2020	₱2,417,500,000	₱1,650,000,000	₱4,263,308,184	(₱1,740,411,278)	(₱9,492,946)	₱598,2333	(₱2,099,981)	(₱19,488,495)	₱4,358,679,527	₱10,918,593,244	₱439,279,024	₱11,357,872,268

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

	Period Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱108,725,256)	(₱100,625,657)
Adjustments for:		
Depreciation and amortization	58,091,951	86,637,953
Finance expense	66,600,634	68,539,100
Equity in net earnings of joint ventures	–	(19,521,971)
Unrealized foreign exchange loss (gain) – net	1,402,218	–
Finance income	(25,877)	(91,816)
Operating income before working capital changes	17,343,669	34,937,609
Increase in:		
Receivables	(12,863,688)	171,355,253
Prepaid expenses and other current assets	(19,832,484)	(38,595,445)
Increase in:		
Trade and other payables	116,306,452	(151,329,996)
Deposits	406,158	
Cash generated from operations	101,360,107	16,367,421
Interest received	25,877	91,816
Net cash provided by operating activities	101,385,984	16,459,237
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investments and advances	(3,956,038)	(113,280,823)
Property and equipment	(310,231)	(7,809,534)
Other noncurrent assets	25,469,371	(4,150,603)
Investment properties	(4,697,799)	–
Net cash used in investing activities	16,505,303	(125,240,960)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	23,000,000	593,215,807
Payments of loans payable	(108,661,311)	(349,460,749)
Payment of lease liabilities	(1,991,725)	–
Dividends paid	–	(76,150,000)
Interest paid	(65,319,429)	(68,539,100)
Redemption of preferred shares	–	(1,650,000,000)
Net cash used in financing activities	(152,972,465)	(1,550,934,042)
NET INCREASE (DECREASE) IN CASH	(35,081,178)	(1,659,715,765)
CASH AT BEGINNING OF YEAR	373,974,300	2,558,645,280
CASH AT END OF THE PERIOD	₱338,893,122	₱898,929,515

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Leisure & Resorts World Corporation ("LRWC" or the "Parent Company") was registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1957. On November 6, 2006, SEC approved the extension of the Parent Company's corporate life until December 31, 2055. The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities") and the Group's interest in joint ventures and associates.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares are listed on the Philippine Stock Exchange, Inc. (PSE).

The Group's primary purpose is to engage in leisure business which includes management and operation of the activities conducted therein pertaining to general amusement and recreation enterprise, hotel and gaming facilities, including but not limited to bingo parlors.

The Parent Company's registered office address is located at 26th Floor, West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City.

Impact of COVID-19. In a move to contain the COVID-19 outbreak, on March 16, 2020, the Office of the President of the Philippines issued Proclamation No. 929, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020 which was subsequently extended until May 15, 2020. The community quarantine classification was subsequently extended or changed either ECQ, modified ECQ and general community quarantine (GCQ). This resulted to the temporary closure of non-essential shops and businesses depending on the community quarantine classification of each location.

In line with the ECQ declaration in Metro Manila, Philippine Amusement Gaming Corporation (PAGCOR) released a memorandum on March 15, 2020 that gaming operations of its licensees would be suspended for the duration of the quarantine. On March 16, 2020, PAGCOR further announced the extension of the temporary suspension to all gaming operations nationwide effective midnight of March 16, 2020 until midnight of April 16, 2020 or until the government declares the COVID-19 situation either under control or for extended community quarantine.

On June 5, 2020, PAGCOR announced that they would allow resumption of gaming sites located on low-risk areas placed under "Modified General Community Quarantine" (MGCQ). Gaming sites within the areas under MGCQ would be allowed to operate at 50% operational capacity, except for Traditional Bingo Halls, which falls under mass gathering, thus, remain suspended. On June 18, 2020, PAGCOR further allowed gaming sites to conduct dry run operations (at 30% operating capacity) on areas under GCQ.

The COVID-19 pandemic is still prevailing, and the potential impact of this in the Group's operations will not be practical to estimate. Economic recovery is heavily dependent on the measures that will be adopted by the government.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

The consolidated financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Financial assets at fair value through other comprehensive income	Fair value
Investment properties	Fair value
Retirement benefits liability	Present value of the defined benefits obligation

The consolidated financial statements are presented in Philippine peso, the Group's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Standards issued but not yet effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential "day 2"gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments must be applied retrospectively. The Group is currently assessing the impact of the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  These amendments may apply to future transactions of the Group.

<u>Current versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when:

- it is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realized within twelve months after the financial reporting date; or
- it is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the financial reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial reporting date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities, and net retirement assets and liabilities are classified as noncurrent assets and liabilities, respectively.

<u>Financial Instruments – Initial Recognition and Subsequent Measurement</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest" (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group has cash, receivables, due from related parties, rental deposits and cash performance bonds classified as financial asset at amortized cost. It also has investment in equity securities classified as financial asset at FVOCI. The Group has no financial asset designated as FVPL.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial Assets at Amortized Cost (Debt Instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investment under this category.

Derecognition. A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets. The Group recognized an allowance from expected credit losses (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

For cash in bank and other receivables, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash in bank since initial recognition.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Determining the stage for impairment. At each reporting date, the Group assesses whether there has been a significant increase in credit risk (SICR) for financial assets since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Staging assessment. PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been SICR of a financial asset. Three stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument at the date of initial recognition.

- Stage 2 is comprised of all non-financial instruments which have experienced SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime

ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

b. Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans payable, lease liabilities and deposits which are classified as loans and borrowings.

The Group has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included as interest expense in the statement of comprehensive income.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

<u>Classification of Financial Instruments between Debt and Equity</u>

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: (a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer's own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments
Financial assets and liabilities are offset and the net amount is reported in the Group consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that tit has currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all counterparties.

Determination of Fair Value
The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, origin the absence of a principal market, or
- In the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Group financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Prepaid Expenses and Other Current Assets
Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operations or expire with the passage of time. These typically comprise prepayments for commissions, taxes and licenses and rental.

Prepaid expenses are classified in the consolidated statements of financial position as current assets when the cost of goods or goods related to the prepaid expenses are expected to be incurred within one year. Otherwise, prepaid expenses are classified as noncurrent assets.

Other current assets represent resources that are expected to be used up within one year after the reporting date. These typically comprise advances to contractors and suppliers, input value-added tax (VAT), playing cards, etc.

Investments and Advances
An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. Significant influence is the power to participate in the financial and operating policies of the investee, but is not control or joint control over those policies.

A joint venture is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions, and over which the parties have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in associates and joint ventures are accounted for using the equity method in the consolidated financial statements. Under the equity method, investments in associates and joint ventures are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the share of net assets, less any impairment in value. When the Group's share of losses exceeds the cost of the investments in associates and joint ventures, the carrying amount of that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates and the joint ventures. The carrying amount of the investments are adjusted to recognize the changes in the Group's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Group's share in profit or loss of associates or joint ventures are recognized as "Equity in net earnings of associates" and "Equity in net earnings of joint ventures" accounts, respectively, in profit or loss. Unrealized gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss with respect to the Group's net investment in the shares of stock of associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments in associates or joint ventures are impaired. If there is such evidence, the Group recalculates the amount of impairment as the difference between the recoverable amount and carrying amount of the investment in shares of stock of associates or joint ventures. Such impairment loss is recognized as part "Equity in net earnings of associates" and "Equity in net earnings of joint ventures" accounts in profit or loss.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in shares of stock of associates or joint ventures upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group normally contributes cash or other resources to the associates and joint ventures. These contributions are included in the accounting records of the Group and recognized in its consolidated financial statements as part of its investments in associates and a joint venture.

Investments and advances also include advances to companies in which the Group has positive intention of taking over these companies or having ownership interest in the future.

Property and Equipment

Property and equipment, except land, is carried at cost less accumulated depreciation and impairment losses, if any. Land is stated at cost less any impairment in value.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing it to working condition and location for its intended use. Subsequent expenditures that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset, in excess of the originally assessed standard of performance, will flow to the Group. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Construction in progress represents structures under construction and is stated at cost. This includes the costs of construction and equipment and other direct costs. Borrowing costs that are directly attributed to the construction are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

It is the Group's policy to classify right-of-use assets as part of property and equipment. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation is computed using the straight-line method over the estimated useful life (EUL) of the property and equipment over the following estimated useful lives:

	Number of Years
Leasehold improvements	5 years or related lease term whichever is shorter
Aircraft and transportation equipment	5 - 15
Gaming equipment	5
Office furniture and fixtures and equipment	5
Network equipment	10
Condominium unit	25
Airstrip improvements*	10
Right-of-use asset	1 - 25

**Recorded under "Other noncurrent assets" account*

The Group estimates the useful life of its airstrip improvement based on the period over which the asset is expected to be available for use. The Group initially assessed that benefit may be derived from this asset over five (5) to fifteen (15) years.

The EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from those assets.

When it is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is reflected in the Group statement of comprehensive income.

Investment Properties

Investment properties consist of land, land improvements, building, or part of a building or both held to earn long-term rental yields or for capital appreciation or both, and is not occupied by the Group or held for sale in the ordinary course of business.

The Group adopted the fair value model for accounting for its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by independent real estate valuation experts using cost approach and sales comparison approach. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment properties are derecognized when either those have been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain and loss on derecognition of investment properties is recognized in profit or loss in the year of derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of the owner occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied properties, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property and equipment up to the date of change in use. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation is transferred to retained earnings.

Lease Rights

The Group's lease rights pertain to acquired rights and interests in the sublease agreement entered upon by the Group. Lease rights are accounted under other noncurrent assets and stated at cost less accumulated amortization and impairment in value, if any. Lease rights are amortized on a straight-line basis over the lease term.

Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Costs and operating expenses" account in the consolidated statement of comprehensive income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the profit or loss.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statement of comprehensive income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statement of comprehensive income.

Goodwill

Goodwill acquired is initially measured as the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the resulting amount is negative (bargain purchase gain), it is recognized immediately in profit or loss. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Bargain purchase gain, which is the excess of the net fair values of acquired identifiable nonmonetary assets of subsidiaries and associates over the cost of acquisition, recognized directly to profit or loss.

When subsidiaries are sold, the difference between the selling price and the subsidiary's net asset plus goodwill associated with the investment are recognized in consolidated statement of comprehensive income.

Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets such as property and equipment and investments and advances and other noncurrent assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized in profit or loss whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

The recoverable amount of a nonfinancial asset is the greater of the asset's fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction less costs to sell while value in use is the present value of estimated future cash flows expected to be generated from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized. Reversals of impairment are recognized in the Group statement of comprehensive income.

Capital Stock and Additional Paid-in Capital
Common and preferred shares are classified as equity. Incremental costs directly attributable to the issuance of common and preferred shares are recognized as a deduction from relevant additional paid-in capital, and if none or insufficient, to be deducted from retained earnings, net of any tax effects. Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

Treasury Shares
When share capital is repurchased, the amount of the consideration paid, which includes directly/ attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is transferred to additional paid-in capital, while the resulting deficit is applied against additional paid-in capital and retained earnings, for any excess of deficit over the additional paid-in capital arising from treasury shares transactions.

Fair Value Reserve
Fair value reserve represents cumulative net change in the fair value of FVOCI, net of tax effect, as at reporting date (see Note 9).

Foreign Currency Translation Reserve
The assets and liabilities of the subsidiary with transactions denominated in currencies other than Philippine peso are translated using the applicable closing exchange rates on the reporting date. The income and expenses of the subsidiary with transactions denominated in currencies other than Philippine peso are translated using the exchange rates at the date of transactions. Foreign currency differences are recognized in other comprehensive income and accumulated in the "Foreign currency translation reserve" account in the consolidated statements of financial position.

Retained Earnings
Retained earnings represents the cumulative balance of periodic profit/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Dividend distribution to the Group's shareholder is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved and declared by the Group's BOD.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer except for some entities of the Group which act as agent in certain commission revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Electronic Bingo. Revenue from these bingo games are satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues is net of payments and share of machine vendors.

Traditional Bingo, Rapid Bingo and Pull Tabs. Revenue from these bingo games are satisfied at a point in time and are recognized upon sale of bingo cards.

Service and Hosting Fees. Revenue from bandwidth and co-location services are satisfied over time and are recognized as the services are performed. Service fees are satisfied at a point in time and are recognized upon processing of locators' application for a franchise. Hosting fees are satisfied over time and are recognized upon accrual of the gaming levy to locators based on their reported revenue as defined in the license agreement.

One time set-up charges. The one time set-up charge is recognized over the term of the contract.

Commission Income. Commission income is satisfied over time and is recognized when the related services are rendered based on a percentage of each PeGs' casino winnings and gross gaming revenue of the junket.

Other income. Other income comprises miscellaneous income from operations and recognized at a point in time.

The following revenue streams are outside the scope of PFRS 15:

Rent Income. Income is recognized based on the percentage of the net wins (gross wins less payouts).

Interest Income. Interest income is recognized as it accrues in profit or loss using the EIR method.

Contract Balances

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivable. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

Costs and Expenses Recognition

Costs and expenses are decrease in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in profit or loss when they are incurred and are reported in the financial statements in the periods to which they relate.

Payouts represent payments to winners of traditional bingo games. This is recognized as expense upon conclusion of the game.

Leases

Upon adoption of PFRS 16, the determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in "Retail and others" account in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as Lessor. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenues in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Employee Benefits

Short-term Benefits

The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, and other short-term benefits.

Retirement Benefits Liability

The Group's net obligation in respect of its retirement plan is calculated separately by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods and the benefits are discounted to determine its present value. The discount rate is the yield at the reporting date of long-term government bonds that have maturity dates approximating the terms of the Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of reductions in future contributions to the plan.

Remeasurements of the net defined benefit obligation or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), if any, are recognized immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined benefit obligation or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit obligation or asset, taking into account any changes in the net defined benefit obligation or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at reporting date.

Income Taxes

Income tax expense comprises of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized directly in equity or other comprehensive income.

Current Tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the end of reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and the carry forward tax benefits of the net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on retranslation of financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in other comprehensive income.

Foreign Operations

The assets and liabilities of foreign operations are translated to Philippine peso at exchange rates at the reporting date.

Foreign currency difference is recognized in other comprehensive income, and presented in the foreign currency translation gain (Foreign currency translation reserve) in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in other comprehensive income related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in "Foreign currency translation reserve" in equity.

Segment Reporting
For purposes of management reporting, the Group is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. Such business segments are the bases upon which the Group reports its primary segment information.

Financial information on business segments is presented in Note 23 to the consolidated financial statements. The Group has one geographical segment and derives substantially of its revenues from domestic operations.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is consistent with the computation of the basic earnings per share while giving effect to all dilutive potential common shares that were outstanding during the period. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

Use of Estimates and Judgment

The preparation of the Group's consolidated financial statements in accordance with PFRSs requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. However, uncertainty about these estimates, judgments and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Actual results may differ from these estimates, judgments and assumptions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates and judgments are revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effects on the amounts recognized in the Group financial statements is as follows:

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Fair Value Measurement. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Chief Financial Officer (CFO) has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The CFO regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the CFO assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

Fair Value of Investment Properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment properties, the appraisers used a valuation technique based on comparable market data available for such property.

The fair values of the investment properties were arrived at using the sales comparison approach for land and cost approach for buildings and land improvements.

Determination of Lease Term of Contracts with Renewal and Termination Options – Group as a Lessee. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include any renewal and termination options in determining the lease term as these are not reasonably certain to be exercised.

Acquisition Accounting. The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property and equipment, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

Determination and Classification of Joint Arrangement. The Group determines a joint arrangement in accordance with its control over the entity or joint operations rather than its legal form. The Group's investments in joint venture is structured in a separate incorporated entity. The joint venture agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements. The Group has determined its involvement in joint arrangement and determined that its investment is classified as joint venture.

Hotel Enterprises of the Philippines, Inc. (HEPI) - Although the Group has 51% ownership in HEPI, the shareholders' agreement provides for equal representation in the board of directors which in substance is similar to a joint venture arrangement.

Distinction Between Investment Property and Property and Equipment. The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Property and equipment generate cash flows that are attributable not only to property but also to the other assets used for administrative purposes and rendition of services.

If the portion cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment. The Group has determined that the land, land improvements and building are investment properties.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of Goodwill. Goodwill is tested for impairment annually. Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

The impairment testing of goodwill utilized significant unobservable inputs (Level 3) to determine the value in use.

The Group performs impairment testing of goodwill annually. The recoverable amount of the cash generating units containing the goodwill is based on the value-in use which is determined on discounting the future cash flows to be generated from the continuing use of the cash generating units.

Definition of Default and Credit-Impaired Financial Assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than 90 days past due on its contractual payments, which is consistent with the Group's definition of default.

- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where: a. The borrower is experiencing financial difficulty or is insolvent; b. The borrower is in breach of financial covenant(s); c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Group's ECL calculation.

Simplified Approach for Trade Receivables and Due from Related Parties. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various patron segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Grouping of instruments for losses measured on collective basis. For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

Macro-economic Forecasts and Forward-looking Information Macro-economic forecasts is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Estimating Provisions and Contingencies. The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group has several tax cases at the Supreme Court and Court of Tax Appeals. The Group's estimates of the probable costs for the resolution of these cases have been developed in consultation with outside legal counsel handling the prosecution and defense of these matters and are based on an analysis of potential results. The Group currently does not believe that the cases will have a material adverse effect on its consolidated financial statements. It is possible, however, that the future consolidated financial statements could be materially affected by changes in the estimates or in the effectiveness of strategies relating to its proceeding. As such, the Group has not recognized any provision as at December 31, 2020 and 2019.

Leases - Estimating the IBR. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment Losses of Nonfinancial Assets Other than Goodwill. The Group assesses impairment on nonfinancial assets such as property and equipment, investments and advances, airstrip improvements and lease rights when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

Due to the COVID-19 pandemic, some of the retail and casino sites of the Group permanently closed in 2020. Moreover, some of the Group's debtors had a difficulty in paying the advances made to them. These are the indicators of impairment identified by the Group in its property and equipment and advances.

Estimating Retirement Benefits Liability. The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Estimating Realizability of Deferred Tax Assets. The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of the temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

4. Cash

	2021	2020
Cash on hand and payout fund	**₱92,588,328**	₱92,459,872
Cash equivalents	**3,739,651**	3,739,651
Cash in banks	**200,222,665**	277,774,777
	₱296,550,644	₱373,974,300

Cash in banks earn interest at the respective bank deposit rates. Interest income recognized amounted to ₱25,877 in March 2021 and ₱91,816 in March 2020.

Payout fund pertains to the cash held by the cashier which is intended to pay for the prizes of the winners of each traditional bingo game. This is replenished on a daily basis.

5. Receivables

	2021	2020
Trade receivables	**₱1,081,547,878**	₱1,000,444,386
Advances to third parties	**157,581,974**	157,581,974
Marketing support fund	**104,705,157**	103,722,826
Advances to Pacific Visionary (Pacific)	**94,139,697**	94,139,697
Receivables from sale of aircraft	**-**	72,973,163
Advances to stockholders	**53,322,344**	53,322,344
Current portion of:		
Advances to Binondo Leisure Resources, Inc. (BLRI)	**49,000,000**	49,000,000
Receivable from Total Consolidated Management, Inc. (TCAMI)	**29,453,790**	29,453,790
Receivables from concessionaires	**11,262,736**	11,262,736
Others	**41,481,362**	39,132,552
	1,622,494,938	1,611,033,468
Less allowance for impairment losses	**493,534,727**	493,534,727
	₱1,128,960,211	₱1,117,498,741

Trade receivables

Trade receivables are unsecured, noninterest-bearing and collectible within 30 days.

Advances to Third Parties

Advances to third parties consist mainly of funds provided for a future project reimbursable from the project partner. These advances are noninterest-bearing, unsecured and collectible on demand.

Marketing Support Fund

Marketing support fund pertains to the reimbursable advances made by the Group for the promotional activities relating to e-bingo machine and e-games platform provider.

Advances to Pacific

These are cash advances provided to Pacific for the purpose of securing leased premises for the operation of a VIP Club by PAGCOR. The advances are unsecured and non-interest bearing which was initially due on or before December 31, 2019. The parties subsequently agreed to extend loan repayment for an additional period of one (1) year from December 31, 2019, or until December 31, 2020.

The Group recognized an allowance for ECL amounting to ₱94,139,697 in 2020.

Advances to stockholders

Advances to stockholders are unsecured, noninterest-bearing advances and collectible on demand.

Receivable form TCAMI

This is the current portion of the receivable from Total Consolidated Asset Management, Inc. (TCAMI) related to the sale of the Group's 50% shares in TechZone Philippines, Inc

Others

Other receivables also include cash advances made to companies which are engaged in similar gaming and amusement activities as the Group. Receivables from these companies represent noninterest-bearing and unsecured advances for working capital purposes that are due within one year.

6. Prepaid Expenses and Other Current Assets

	2021	2020
Input value-added tax (VAT)	**₱233,814,267**	₱231,984,639
Prepaid expenses	**64,479,851**	66,234,213
Advances to officers and employees	**51,065,035**	49,637,338
Advances to contractors and suppliers	**35,885,212**	20,967,084
Creditable withholding tax (CWT)	**14,382,429**	13,724,270
Playing cards	**76,720**	76,720
Others	**17,703,810**	14,950,577
	417,407,324	397,574,841
Allowance for non-recoverable input VAT	**(231,048,271)**	(231,048,271)
	₱186,359,053	₱166,526,570

Prepaid expenses consist of prepaid rent, prepaid insurance on property and equipment, health care benefits of employees and advances for consultancy and professional services.

Advances to contractors and suppliers are down payment to vendors that will be applied against future deliveries of goods and performance of services.

7. Property and Equipment

The movements in this account are as follows:

	Land	Leasehold Improvements	Aircraft and Transportation Equipment	Gaming Equipment	Office Furniture, Fixtures and Equipment	Network equipment	Condominium Unit	Right-to-use Asset	Total
Cost									
December 31, 2019	₱814,000	₱1,433,408,539	₱517,947,622	₱1,083,191,639	₱724,621,237	₱348,950,853	₱7,146,816	₱871,712,762	₱4,987,793,468
Additions	–	13,762,277	–	19,219,518	4,937,242	–	–	326,183,585	364,102,622
Reclassification	–	–	–	–	–	–	–	19,284,318	19,284,318
Disposal	–	–	(233,299,925)	–	–	–	–	(102,866,295)	(336,166,220)
Impairment	–	(51,598,724)	–	(470,252)	(2,339,840)	–	–	(27,743,873)	(82,152,689)
December 31, 2020	814,000	1,395,572,092	284,647,697	1,101,940,905	727,218,638	348,950,853	7,146,816	1,086,570,497	4,952,861,499
Addition	–	2,481,510	–	50,148	661,600	–	–	–	3,193,258
March 31, 2021	**₱814,000**	**₱1,398,053,602**	**₱284,647,697**	**₱1,101,991,053**	**₱727,880,238**	**₱348,950,853**	**₱7,146,816**	**₱1,086,570,497**	**₱4,956,054,757**
Accumulated Depreciation and Amortization									
December 31, 2019	–	1,282,246,498	244,497,356	407,698,129	647,257,325	198,356,341	5,897,746	237,323,836	3,023,277,230
Depreciation and amortization	–	84,294,239	38,687,851	98,875,985	61,378,021	27,427,390	201,727	220,332,030	531,197,242
Lease concession	–	–	–	–	–	–	–	79,452,376	79,452,376
Disposal	–	–	(82,924,518)	–	–	–	–	(102,866,295)	(185,790,813)
Impairment	–	(47,798,475)	–	(235,807)	(703,612)	–	–	(15,081,535)	(63,819,429)
December 31, 2020	–	1,318,742,262	200,260,688	506,338,307	707,931,734	225,783,731	6,099,473	419,160,411	3,384,316,606
Depreciation and amortization	–	11,857,398	7,203,860	22,896,272	11,436,993	6,778,254	50,432	751,768	60,974,978
March 31, 2021	–	**1,330,599,661**	**207,464,548**	**529,234,579**	**719,368,727**	**232,561,985**	**6,149,905**	**419,912,179**	**3,445,291,584**
Carrying Amount									
December 31, 2020	₱814,000	₱76,829,830	₱84,387,009	₱595,602,598	₱19,286,904	₱123,167,122	₱1,047,343	₱667,410,086	₱1,568,544,893
March 31, 2020	**₱814,000**	**₱67,453,941**	**₱77,183,150**	**₱572,756,472**	**₱8,511,511**	**₱116,388,868**	**₱996,911**	**₱666,658,318**	**₱1,510,763,173**

8. Investment Properties

This account consists of:

	Land	Land Improvements	Building	Total
January 01, 2020	₱9,527,579,000	₱16,097,000	₱229,977,000	₱9,773,653,000
Additions	2,127,867	–	–	2,127,867
Unrealized gains on changes in fair values of investment properties	287,731,883	–	(5,417,000)	282,314,883
December 31, 2020	9,817,438,751	16,097,000	224,560,000	10,058,095,751
Additions	4,697,800	–	–	4,697,800
March 31, 2021	**₱9,822,136,551**	**₱16,097,000**	**₱224,560,000**	**₱10,062,793,551**

9. Investments and Advances and Fair Value through Other Comprehensive Income

	Percentage of Ownership	**Mar2021**	Percentage of Ownership	Dec2020
Investments				
Associates:				
Binondo Leisure Resources, Inc. (BLRI)				
Preferred shares		**₱20,000,000**		₱20,000,000
Common shares	**30%**	**1,200,000**	30%	1,200,000
Insular Gaming Corp. (Insular)				
Common shares	**40%**	**199,800**	40%	199,800
		21,399,800		21,399,800
Accumulated equity in net earnings:				
Balance at beginning of year		**234,782**		948,502
Share in net earnings (loss) of associates		**–**		(713,720)
		234,782		234,782
Balance at end of period		**21,634,582**		21,634,582
Joint ventures:				
HEPI	**51%**	**750,938,000**	51%	750,938,000
Accumulated equity in net income:				
Balance at beginning of year		**346,675,078**		449,115,085
Share in net income from HEPI		**–**		(102,440,007)
		346,675,078		346,675,078
Balance at end of period		**₱1,097,613,078**		₱1,097,613,078

Forward

	Percentage of Ownership	2021	Percentage of Ownership	2020
Advances:				
Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC)		₱1,029,664,423		₱1,025,708,385
Land Owners		35,570,338		35,570,338
AB Fiber Corp.		31,696,665		31,696,665
Eco Leisure		26,136,049		26,136,049
Others		258,099,925		182,728,427
		1,381,167,400		1,301,839,864
Allowance for impairment losses		(231,049,464)		(231,049,464)
		1,150,117,936		1,070,790,400
Balance at end of period		2,269,365,596		2,190,038,060
Other investments - at cost		556,700		556,700
		₱2,269,922,296		₱2,190,594,760

Financial Assets through Fair Value through Other Comprehensive Income (FVOCI)

	2021	2020
Balance at beginning of year	₱112,630,736	₱106,725,824
Unrealized gain (loss) during the year	-	5,904,912
Balance at end of year	₱112,630,736	₱112,630,736

10. Other Noncurrent Assets

	2021	2020
Rental deposits	₱443,687,757	₱442,854,472
Cash performance bonds	306,450,000	306,450,000
Cash in bank - restricted	69,144,285	91,313,591
Premium on group pension plan	42,336,018	42,336,018
Performance cash deposits and betting credit funds	32,450,000	32,450,000
Airstrip improvements - net	27,134,272	27,907,520
Input VAT and CWT	26,836,222	26,836,222
Lease rights	10,383,679	13,505,660
Utility and construction bond	5,240,206	5,240,206
Others	25,135,896	25,374,017
	₱988,798,335	₱1,014,267,706

11. Loans Payable

Short-term Loans Payable	Interest rates	Maturity	2021
Local banks	5.25% - 8.0%	December 2020 - May2021	₱971,546,137
			₱971,546,137

subject to renewal

Long-term Loans Payable	Interest rates	Maturity	2021
Current Portion			
Local banks	3.9% - 10.0%	February 2018 - January 2023	₱428,425,715
Noncurrent Portion			
Local banks	3.9% - 10.0%	February 2018 - January 2023	2,645,124,725
			₱3,073,550,440

12. Trade and Other Payables

	2021	2020
Payable to:		
Suppliers	₱500,211,359	₱469,857,403
CEZA	117,374,549	100,747,546
PAGCOR	34,891,124	60,964,765
Finders' fee	30,102,790	31,352,790
Government agencies	18,197,423	20,719,116
Rent payable	122,650,365	116,583,547
Unearned revenues	31,067,016	28,842,658
Accrued expenses and other payables:		
Payable to machine owners	530,561,944	481,366,658
Contracted services	169,360,471	142,679,050
Dividends payable	172,294,723	175,387,309
Interest payable	103,204,657	56,857,915
Salaries, wages and benefits	62,494,201	43,006,763
Utilities	19,429,752	11,014,362
Professional fees	15,148,892	15,618,022
Customer deposit	6,125,534	6,125,534
Site acquisition payable – BCGLC	2,836,048	60,064,319
Others	5,181,510	45,980,627
	₱1,941,132,358	₱1,867,168,384

13. Business Combination and Goodwill

	2021	2020
Cost		
Balance at beginning of year	₱1,329,092,293	₱1,502,067,704
Additions	–	–
Balance at end of year	1,329,092,293	1,502,067,704
Accumulated Impairment Losses		172,975,411
Carrying Amount	₱1,329,092,293	₱1,329,092,293

14. Related Party Disclosures

Categories	Nature of Transaction	Year	Amount of Transactions for the Year	Outstanding Balance Due from Related Parties	Outstanding Balance Due to a Related Party	Terms	Conditions
Individual stockholder	Cash advances	**2021**	**₱–**	**₱5,000,000**	**₱–**	Demandable; non-interest bearing	Unsecured; no impairment
		2020	–	5,000,000	–		
Advances to affiliates	Cash advances	**2021**	**–**	**150,000,000**	**–**	Demandable; non-interest bearing	Unsecured; no impairment
		2020	–	150,000,000	–		
Total		**2021**		**₱155,000,000**	**₱–**		
Total		2020		₱155,000,000	₱–		

15. Segment Information

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

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

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

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

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

Analysis of financial information by business segment as of March 31, 2021 follows:

	Casino Group	Online Group	Retail Group	Property Group	Others	Eliminations	Consolidated
Net Revenues							
External revenue	₱49,915,971	₱78,311,402	₱243,854,490	₱8,281,298	₱–	₱–	₱380,363,161
Results							
Segment results	(₱15,202,095)	₱46,290,792	(₱32,970,072)	(₱2,584,839)	(₱40,321,610)	₱–	(₱44,787,824)
Results from Operating Activities							
Finance income	3,435	10,133	11,310	399	600	–	25,877
Finance expense	(12,464,622)	(57,094)	(18,348,145)	(30,666,595)	(5,064,178)	–	(66,600,634)
Foreign exchange gain (loss)	(44,523)	(346,972)	(1,010,723)	–	–	–	(1,402,218)
Other income (expense)	(2,800)	(68,116)	4,110,459	–	–	–	4,039,543
Income tax benefit (taxes)	–	(1,309,394)	–	–	–	–	(1,309,394)
Total Comprehensive Income (loss)	(₱27,710,605)	₱44,519,349	(₱48,207,171)	(₱33,251,035)	(₱45,385,188)	₱–	(₱110,034,650)
Other Information							
Segment assets	₱1,852,351,926	₱3,744,934,054	₱2,463,410,186	₱13,229,940,148	₱9,214,899,504	(₱11,899,850,607)	₱18,605,685,211
Total Assets							₱18,605,685,211
Segment liabilities	₱1,711,302,747	₱2,418,550,756	₱2,797,711,004	₱7,988,684,324	₱2,726,004,085	(₱9,085,545,632)	₱8,556,707,284
Total Liabilities							₱8,556,707,284
Capital expenditures	₱1,217,570	₱–	₱1,975,686	₱–	₱–	₱–	₱3,193,256
Depreciation and amortization	27,783,008	8,927,607	19,066,499	1,052,691	1,262,146	–	58,091,951

Unallocated corporate expenses consist of net operating expenses of the Parent Company. Assets of the individual segments mainly comprise investments and advances, due from related parties, property and equipment, and trade receivables. Liabilities of the individual segments include loans payable, trade and other payables, retirement benefits liability, and due to related parties. Capital expenditures on noncurrent assets represent additions to property and equipment and investment properties. Noncash expenses pertain to depreciation and amortization expense attributable to reportable segments.

16. Financial Risk and Capital Management Objectives and Policies

Financial Risk Management Objectives and Policies
The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

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

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

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

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

Credit Risk

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

Cash in Banks

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

Receivables

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

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

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

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

As at reporting date, there were no significant concentrations of credit risk.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of receivables not past due or past due by up to 60 days.

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

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

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

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

The most significant amount of due from related parties of the Group are the advances to BLRI and HEPI, an associate and a joint venture, respectively, of the Parent Company.

The credit quality of the Group's neither past due nor impaired financial assets based on their historical experience with the corresponding third parties has been defined as follows:

- Grade A: Financial assets which are consistently collected before maturity.
- Grade B: Financial assets which are collected on their due dates even without an effort from the Group's to follow them up.
- Grade C: Financial assets which are collected on their due dates provided that the Group's made a persistent effort to collect.

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

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

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

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

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

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

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

There is no other impact on the Group's equity other than those affecting the profit or loss.

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

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

Cash/Receivables/Due from Related Parties/ Rental Deposits/Cash Performance Bonds/Performance Cash Deposits and Betting Credit Funds/Trade and Other Payables/Due to a Related Party/Deposits
The carrying amounts of cash, receivables, due from related parties, trade and other payables and due to a related party approximate their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of rental deposits, cash performance bonds and performance cash deposits and betting credit funds approximate their fair values as management believes that the effect of discounting cash flows from these instruments is not significant.

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

Financial assets at fair value through other comprehensive income (FVOCI)
The fair value of the financial asset at FVOCI is based on the quoted market price of the investment in equity as at December 31, 2019. The fair value is under Level 1 of the fair value hierarchy.

Capital Management

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at March 31, 2019.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Financial Soundness Indicators
As of March 31, 2021 and 2020

Key Performance Indicator	Formula	2021	2020
Current Ratio	Current Assets / Current Liabilities	49.3%	50.9%
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	85.2%	73.4%
Asset to Equity Ratio	Total Assets / Stockholders' Equity	185.2%	173.4%
Payout Turnover	Traditional Bingo Revenues / Payout	-	1.34 times
Return on Average Equity	Net Income* / Average Stockholders' Equity	-4.4%	-0.21%
Return on Average Assets	Net Income* / Average Total Assets	-2.4%	-0.13%
Solvency Ratio	Net Income* + Depreciation* / Total Liabilities	-2.4%	-0.05%
Interest Coverage Ratio	Income Before Interest & Tax* / Interest Expense	-1.6	0.51
ONLINE Net Book Value Per Share	Stockholders' Equity / Weighted Average Shares Outstanding	4.2	4.7
Basic Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	(0.0520)	(0.0447)
Diluted Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding**	(0.0503)	(0.0447)

**Annualized for quarterly reporting.*
***Adjusted for the convertible warrants.*

2021 Interim FS up to 1Q 2021

LRWC
LEISURE & RESORTS WORLD CORPORATION
STOCK SYMBOL: LR

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Leisure & Resorts World Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free form material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements. management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2020 and 2019, respectively, have audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

EUSEBIO H. TANCO
Chairman of the Board
TIN NO. 141-978-255

EDWARD CHEUNG
President
TIN NO. 424-130-857

SUBSCRIBED AND SWORN to before me this MAY 31 2021 day of
MANDALUYONG CITY
with No.: _____ as strong proof of her/his identity.

LUCY DONG
Deputy Chief Financial Officer
TIN NO. 769-682-149

ATTY. JAMES K. ABUGAN
NOTARY PUBLIC
APPT. NO. 0442-19
Until 06/30/2021
IBP No. 134105 Dec. 9, 2020 Rizal Chapter
Roll No. 26890 Lifetime
MCLE No. VI-0012875 until 4/14/2022
TIN No. 116-239-956
PTR No. 4574511 01/04/2021
Tel. No. 631-40-90
Rm. 314 J&B Bldg., 251 EDSA,
Mandaluyong City

Doc. : 344 Signed this MAY 3 0 2021
Page : 70
Book : 50
Series of 2021

LEISURE EXPONENT, INC. First Cagayan AB LEISURE GLOBAL INCORPORATED LEISURE & RESORTS LAND BINONDO SUITES MIDAS TOTAL GAMEZONE XTREME INC. GAMEZONE Xtreme

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 0 1 - 3 1 7 4

COMPANY NAME

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

26th Floor, West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
inquiry@lrwc.com.ph	+632 8637-5291 to 93	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,822	July 29	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Lucy Dong	lucy.dong@lrwc.com.ph	+632 8637-5291 to 93	N/A

CONTACT PERSON's ADDRESS

26th Floor, West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City

NOTE 1 In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Leisure & Resorts World Corporation
26th Floor, West Tower, PSE Center
Exchange Road, Ortigas Center
Pasig City

Opinion

We have audited the consolidated financial statements of Leisure & Resorts World Corporation and Subsidiaries (collectively referred to as "the Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019 and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which discusses that the Coronavirus disease 2019 (COVID-19) pandemic has significantly affected the operations of all retail and casino sites nationwide of the Group. For the year ended December 31, 2020, the Group incurred total comprehensive loss of ₱1,338.7 million and negative operating cash flows of ₱233.6 million. Consequently, as of December 31, 2020, current liabilities exceeded current assets by ₱1,748.8 million These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Non-financial assets

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment and property and equipment when there are any impairment indicators. As at December 31, 2020, the Group's goodwill and property and equipment amounted to ₱1,329.1 million and ₱1,568.5 million, respectively, which are considered significant to the consolidated financial statements. In view of the community quarantine, the Group's retail and casino sites remain either closed or allowed with limited operating capacity which have significantly impacted the Group's revenues. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of goodwill and property and equipment. Management used significant judgment and assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically revenue growth rate and discount rate.

The Group's disclosures about property and equipment and goodwill are included in Notes 7 and 10, respectively, to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include revenue growth rate and discount rate. We compared the key assumptions used, such as revenue growth rate against the historical performance of the cash generating unit, and other relevant external data, taking into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data annually. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill and property and equipment.

Valuation of Investment Properties at Fair Value

The Group accounts for its investment properties using the fair value model. Investment properties consist of land, land improvements and building and represents 53.83% of the consolidated assets as at December 31, 2020. The valuation of the investment properties requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity, adjustments to sales price based on internal and external factors and replacement cost. This matter is significant to our audit because it involves significant judgment and estimates.

The disclosures relating to investment properties are included in Note 8 of the consolidated financial statements.

Audit Response

We reviewed the scope, bases, methodology and results of the work done by the Group's external appraisers whose professional qualifications and objectivity were also taken into consideration. We compared the relevant information supporting the sales price of similar properties and the adjustments made to the sales price and made inquiries to the external appraisers as to the basis. We also reviewed the Group's disclosures with respect to the fair value of the investment properties.

Provisions and Contingencies

The Group is involved in legal proceedings and assessments for national taxes. This matter is significant to our audit because the estimation of the potential liability resulting from these tax assessments requires significant judgment by management. The inherent uncertainty over the outcome of these tax matters is brought about by the differences in the interpretation and implementation of the laws and tax rulings.

The Group's disclosures about provisions and contingencies are included in Note 24 to the consolidated financial statements.

Audit Response

We involved our internal specialist in the evaluation of management's assessment on whether any provision for contingencies should be recognized, and the estimation of such amount. We discussed with management the status of the claims and/or assessments, and obtained correspondences with the relevant authorities and opinions from the external legal/tax counsels. We evaluated the position of the Group by considering the relevant laws, rulings and jurisprudence.

Accounting for Investment in Hotel Enterprises of the Philippines Inc. (HEPI)

The Group has investment in HEPI which is accounted for using the equity method and is required to be subjected to impairment testing when impairment indicators exist. Under PFRSs, the Group is required to test its investment in joint venture for impairment when indicators exist that the investment may be impaired. This assessment of whether indicator of impairment exists, and management's impairment assessment process is complex and judgmental and is based on assumptions, specifically revenue growth rate and discount rate.

The carrying value of the Group's investment in HEPI amounted to ₱1,097.6 million as at December 31, 2020 while share in equity in net losses of HEPI for the year ended December 31, 2020 amounted to ₱102.4 million. The accounting for investment in joint venture is significant to our audit due to the Group's share in net loss, the materiality of the carrying amount of the investment as at December 31, 2020 to the consolidated financial statements, and the complexity arising from management's judgment and estimations involved in the impairment assessment process.

In view of the continuing community quarantines and restricted travel, HEPI is continuously affected by the lower number of guests and reduced room rates which significantly impacted the Group's share in net losses of HEPI. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the Group's investment in HEPI, which involves significant judgment, estimation about revenue growth rate and discount rate, which are subject to higher level of estimation uncertainty due to the current economic conditions impacted by the coronavirus pandemic. Accordingly, such impairment assessment and testing is a key audit matter.

The Group's disclosures on its investment in joint venture is included in Note 9 to the consolidated financial statements.

Audit Response

We obtained the financial information of HEPI and recomputed the Group's equity in net losses of joint venture and compared it with the amounts recognized in the books. We also obtained an understanding of the business transactions, the revenue recognition process, and reviewed material items and other accounts that may have a material effect on the Group's share in net losses of HEPI.

With respect to the impairment testing of investment in HEPI, we reviewed the Group's assessment on whether an indicator of impairment exists for its investment in joint venture. We evaluated the assumptions used which include the revenue growth rate and discount rate. We compared the key assumptions used, such as the revenue growth rate against the historical performance of HEPI and other relevant external data taking into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of investment in joint venture.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon which we obtained prior to the date of the Auditor's Report, and the SEC Form 20 – IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2020, which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SGV
Building a better working world

The engagement partner on the audit resulting in this independent auditor's report is Maria Pilar B. Hernandez.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
SEC Accreditation No. 1558-AR-1 (Group A),
February 26, 2019, valid until February 25, 2022
Tax Identification No. 214-318-972
BIR Accreditation No. 08-001998-116-2019,
January 28, 2019, valid until January 27, 2022
PTR No. 8534306, January 4, 2021, Makati City

May 30, 2021

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2020**	2019
ASSETS			
Current Assets			
Cash and cash equivalents	*4*	**₱373,974,300**	₱2,558,645,280
Receivables	*5*	**1,117,498,741**	1,289,161,861
Current portion of lease receivables	*17*	**2,188,441**	9,383,968
Due from related parties	*20*	**155,000,000**	155,000,000
Prepaid expenses and other current assets	*6*	**166,526,570**	169,906,156
Total Current Assets		**1,815,188,052**	4,182,097,265
Noncurrent Assets			
Property and equipment – net	*7, 12*	**1,568,544,893**	1,964,516,238
Lease receivables - net of current portion	*17*	**18,231,116**	20,419,557
Receivables - net of current portion	*5, 9, 20*	**577,424,383**	601,521,005
Investment properties	*8*	**10,058,095,750**	9,773,653,000
Investments and advances	*9*	**2,190,594,760**	2,289,115,560
Financial assets at fair value through other comprehensive income (FVOCI)	*9*	**112,630,736**	106,725,824
Deferred tax assets	*21*	–	20,476
Goodwill	*10*	**1,329,092,293**	1,493,884,695
Other noncurrent assets	*11*	**1,014,267,706**	999,041,168
Total Noncurrent Assets		**16,868,881,637**	17,248,897,523
		₱18,684,069,689	₱21,430,994,788
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*13*	**₱1,867,168,384**	₱1,979,892,257
Short-term loans payable	*12*	**983,012,500**	893,892,480
Current portion of:			
Long-term loans payable	*12*	**468,137,132**	319,169,278
Lease liabilities	*17*	**237,998,769**	201,485,706
Income tax payable		**7,667,086**	5,484,615
Total Current Liabilities		**3,563,983,871**	3,399,924,336
Noncurrent Liabilities			
Long-term loans payable - net of current portion	*12*	**2,679,608,256**	2,676,788,687
Lease liabilities - net of current portion	*17*	**577,842,543**	580,290,821
Retirement benefits liability	*18*	**146,808,654**	180,338,178
Deposits	*9, 17*	**90,941,546**	97,807,175
Deferred tax liabilities	*21*	**1,465,872,243**	1,384,574,886
Total Noncurrent Liabilities		**4,961,073,242**	4,919,799,747
Total Liabilities		**8,525,057,113**	8,319,724,083

(Forward)

	Note	December 31 2020	2019
Equity			
Equity Attributable to the Parent Company			
Capital stock	*14*	**₱4,067,500,000**	₱4,067,500,000
Additional paid-in capital	*14*	**4,263,308,184**	4,263,308,184
Treasury shares	*14*	**(1,703,950,505)**	(90,411,278)
Retirement benefits reserve	*18*	**(18,336,411)**	(9,492,947)
Fair value reserve	*9*	**6,503,145**	598,233
Foreign currency translation reserve		**(2,099,981)**	(2,099,981)
Other reserve		**(19,488,495)**	(19,488,495)
Retained earnings		**3,168,371,357**	4,466,661,733
		9,761,807,294	12,676,575,449
Non-controlling Interests	*2*	**397,205,282**	434,695,256
Total Equity		**10,159,012,576**	13,111,270,705
		₱18,684,069,689	₱21,430,994,788

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2020**	2019	2018
REVENUES				
Electronic bingo	*15, 24*	**₱1,745,675,813**	₱5,289,230,260	₱4,754,906,261
Traditional bingo	*15*	**423,795,592**	2,216,155,056	2,106,084,940
Service and hosting fees	*9, 16*	**800,449,944**	1,055,376,916	1,054,365,127
Income from junket operations	*24*	**111,551,571**	689,770,381	895,694,852
Rent income	*8, 17*	**267,176,326**	706,652,846	560,690,470
Commission income	*24*	**141,959,435**	353,652,002	291,607,194
Rapid bingo	*15, 24*	**85,867,120**	284,212,205	230,386,430
Pull tabs	*15*	**6,844,580**	19,009,330	20,111,861
		3,583,320,381	10,614,058,996	9,913,847,135
COSTS AND OPERATING EXPENSES				
Franchise fees and taxes	*15, 16*	**1,527,622,311**	4,625,303,082	4,429,428,116
Depreciation and amortization	*7, 8, 11*	**534,290,234**	646,610,284	471,302,380
Payouts	*15*	**380,086,175**	1,740,788,177	1,436,599,949
Bandwidth and co-location costs	*9*	**358,731,166**	493,383,741	563,002,838
Salaries and other benefits		**350,453,532**	508,686,600	566,176,916
Contracted services		**274,584,905**	607,967,454	540,566,692
Communications and utilities		**161,789,975**	340,124,993	306,818,582
Rent	*17*	**150,739,838**	413,274,565	645,549,812
Taxes and licenses		**128,228,000**	490,318,213	148,425,347
Advertising and promotion		**111,021,634**	304,430,831	280,729,425
Representation and entertainment		**80,822,632**	142,798,207	131,710,596
Professional and directors' fees		**37,848,429**	89,518,239	102,930,312
Repairs and maintenance		**36,667,079**	91,599,838	91,149,334
Transportation and travel		**12,028,536**	41,307,141	68,791,116
Playing cards		**4,894,845**	56,445,981	36,465,447
Others		**63,485,260**	107,909,744	88,458,270
		4,213,294,551	10,700,467,090	9,908,105,132
OPERATING INCOME (LOSS)		**(629,974,170)**	(86,408,094)	5,742,003
OTHER INCOME (EXPENSES) - net				
Finance expense	*19*	**(312,808,288)**	(550,276,058)	(428,176,343)
Unrealized gains on changes in fair values of investment properties - net	*8*	**282,314,883**	2,449,424,356	1,329,408,530
Impairment loss on:				
Financial assets	*5*	**(234,837,223)**	(7,534,542)	(181,641,224)
Non-financial assets	*6, 7, 9, 10, 11, 17*	**(223,923,199)**	(239,555,412)	(111,865,997)
Equity in net earnings (loss) of:				
Joint venture	*9*	**(102,440,007)**	149,007,689	114,866,158
Associates	*9*	**(713,720)**	91,601,846	70,421,894
Loss on sale of assets/investment	*7, 9, 12*	**(47,434,213)**	(741,480,264)	–
Finance income	*4, 19*	**26,203,524**	4,169,920	1,396,080
Foreign exchange gain (loss) – net		**(4,791,854)**	13,501,397	(24,259,181)
Other income (expense) – net	*19*	**12,166,775**	(107,354,485)	238,333,023
		(606,263,322)	1,061,504,447	1,008,482,940

(Forward)

	Note	Years Ended December 31 2020	2019	2018
INCOME (LOSS) BEFORE INCOME TAX		**(₱1,236,237,492)**	₱975,096,353	₱1,014,224,943
PROVISION FOR INCOME TAX	*21*	**101,857,337**	867,993,776	549,142,094
NET INCOME (LOSS)		**(1,338,094,829)**	107,102,577	465,082,849
Attributable to:				
Equity Holders of the Parent Company		**(₱1,298,290,376)**	₱95,656,550	₱479,645,976
Non-controlling interests		**(39,804,453)**	11,446,027	(14,563,127)
		(₱1,338,094,829)	₱107,102,577	₱465,082,849
OTHER COMPREHENSIVE INCOME (LOSS) – Net				
Items that will not be reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits, net of tax	*18*	**(6,528,985)**	25,937,452	27,906,333
Revaluation gain (loss) of FVOCI	*9*	**5,904,912**	(61,454,830)	14,871,625
Revaluation surplus, net of tax	*7, 8*	–	–	(89,182,693)
		(624,073)	(35,517,378)	(46,404,735)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱1,338,718,902)**	₱71,585,199	₱418,678,114
Attributable to:				
Equity Holders of the Parent Company		**(₱1,301,228,928)**	₱60,382,725	₱500,943,815
Non-controlling interests		**(37,489,974)**	11,202,474	(82,265,701)
		(₱1,338,718,902)	₱71,585,199	₱418,678,114
Basic Earnings Per Share	*22*	**(₱0.5370)**	(₱0.0668)	₱0.3441
Diluted Earnings Per Share		**(0.5370)**	(0.0668)	0.3224

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

		Capital Stock				Attributable to Owners of the Parent Company							
	Note	Common Shares	Preferred Shares	Additional Paid-in Capital - Common	Treasury Shares	Retirement Benefits Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at January 1, 2020		₱2,417,500,000	₱1,650,000,000	₱4,263,308,184	(₱90,411,278)	(₱9,492,947)	₱598,233	(₱2,099,981)	(₱19,488,495)	₱4,466,661,733	₱12,676,575,449	₱434,695,256	₱13,111,270,705
Net loss for the year		–	–	–	–	–	–	–	–	(1,298,290,376)	(1,298,290,376)	(39,804,453)	(1,338,094,829)
Other comprehensive income (loss)		–	–	–		(8,843,464)	5,904,912	–	–	–	(2,938,552)	2,314,479	(624,073)
Total comprehensive income (loss) for the year		–	–	–	–	(8,843,464)	5,904,912	–	–	(1,298,290,376)	(1,301,228,928)	(37,489,974)	(1,338,718,902)
Redemption of preferred shares	14	–	–	–	(1,613,500,000)	–	–	–	–	–	(1,613,500,000)	–	(1,613,500,000)
Acquisition of treasury shares	14	–	–	–	(39,227)	–	–	–	–	–	(39,227)	–	(39,227)
Balance at December 31, 2020		₱2,417,500,000	₱1,650,000,000	₱4,263,308,184	₱1,703,950,505)	(₱18,336,411)	₱6,503,145	(₱2,099,981)	(₱19,488,495)	₱3,168,371,357	₱9,761,807,294	₱397,205,282	₱10,159,012,576

		Capital Stock				Attributable to Owners of the Parent Company							
	Note	Common Shares	Preferred Shares	Additional Paid-in Capital - Common	Treasury Shares	Retirement Benefits Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at January 1, 2019		₱1,199,852,512	₱1,650,000,000	₱1,114,028,555	(₱90,411,278)	(₱35,673,952)	₱62,053,063	(₱2,099,981)	(₱19,488,495)	₱4,788,629,877	₱8,666,890,301	₱423,492,782	₱9,090,383,083
Effect of adoption of PFRS 16		–	–	–	–	–	–	–	–	(184,479,694)	(184,479,694)	–	(184,479,694)
Balances at January 1, 2019, as restated		1,199,852,512	1,650,000,000	1,114,028,555	(90,411,278)	(35,673,952)	62,053,063	(2,099,981)	(19,488,495)	4,604,150,183	8,482,410,607	423,492,782	8,905,903,389
Net income for the year		–	–	–	–	–	–	–	–	95,656,550	95,656,550	11,446,027	107,102,577
Other comprehensive income (loss)			–	–		26,181,005	(61,454,830)	–	–	–	(35,273,825)	(243,553)	(35,517,378)
Total comprehensive income (loss) for the year		–	–	–	–	26,181,005	(61,454,830)	–	–	95,656,550	60,382,725	11,202,474	71,585,199
Issuance of capital stock	14	1,217,647,488	–	3,149,279,629	–	–	–	–	–	–	4,366,927,117	–	4,366,927,117
Cash dividends	14	–	–	–	–	–	–	–	–	(233,145,000)	(233,145,000)	–	(233,145,000)
Balance at December 31, 2019		₱2,417,500,000	₱1,650,000,000	₱4,263,308,184	(₱90,411,278)	(₱9,492,947)	₱598,233	(₱2,099,981)	(₱19,488,495)	₱4,466,661,733	₱12,676,575,449	₱434,695,256	₱13,111,270,705

		Capital Stock				Attributable to Owners of the Parent Company								
	Note	Common Shares	Preferred Shares	Additional Paid-in Capital - Common	Treasury Shares	Retirement Benefits Reserve	Revaluation Surplus	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2018		₱1,199,852,512	₱1,650,000,000	₱1,114,028,555	(₱89,405,347)	(₱63,226,874)	₱62,142,500	₱47,181,438	(₱2,099,981)	(₱1,294,351)	₱4,379,108,901	₱8,296,287,353	₱628,581,025	₱8,924,868,378
Net income for the year		–	–	–	–	–	–	–	–	–	479,645,976	479,645,976	(14,563,127)	465,082,849
Other comprehensive income (loss)		–	–	–	–	27,552,922	(62,142,500)	14,871,625	–	–	–	(19,717,953)	(26,686,782)	(46,404,735)
Total comprehensive income (loss) for the year		–	–	–	–	27,552,922	(62,142,500)	14,871,625	–	–	479,645,976	459,928,023	(41,249,909)	418,678,114
Effect of change in interest in an investment	9	–	–	–	–	–	–	–	–	(18,194,144)	–	(18,194,144)	124,205	(18,069,939)
Treasury shares acquired	14	–	–	–	(1,005,931)	–	–	–	–	–	–	(1,005,931)	–	(1,005,931)
Cash dividends	14	–	–	–	–	–	–	–	–	–	(70,125,000)	(70,125,000)	(163,962,539)	(234,087,539)
Balance at December 31, 2018		₱1,199,852,512	₱1,650,000,000	₱1,114,028,555	(₱90,411,278)	(₱35,673,952)	₱–	₱62,053,063	(₱2,099,981)	(₱19,488,495)	₱4,788,629,877	₱8,666,890,301	₱423,492,782	₱9,090,383,083

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

		Years Ended December 31		
	Note	**2020**	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(₱1,236,237,492)**	₱975,096,353	₱1,014,224,943
Adjustments for:				
Depreciation and amortization	*7, 11*	**534,290,234**	646,610,284	471,302,380
Finance expense	*19*	**312,808,288**	550,276,058	428,176,343
Unrealized gain on changes in fair values of investment properties	*8*	**(282,314,883)**	(2,449,424,356)	(1,329,408,530)
Loss on impairment of non-financial assets	*6, 7, 9, 11*	**223,923,199**	239,555,412	111,865,997
Equity in net loss (earnings) of joint venture	*9*	**102,440,007**	(149,007,689)	(114,866,158)
Loss on sale of assets/investment	*9*	**47,434,213**	741,480,264	–
Finance income	*19*	**(26,203,524)**	(4,169,920)	(1,396,080)
Retirement benefits (income)	*18*	**(15,573,758)**	34,414,640	31,445,659
Gain on pre-termination of leases	*17*	**(14,196,099)**	–	–
Unrealized foreign exchange loss (gain) - net		**4,791,855**	(13,501,397)	1,414,145
Equity in net loss (earnings) of associates	*9*	**713,720**	(91,601,846)	(70,421,894)
Loss on sublease	*17,19*	**–**	123,918,498	–
Operating income (loss) before working capital changes		**(348,124,240)**	603,646,301	542,336,805
Decrease (increase) in:				
Receivables		**249,619,136**	(156,003,335)	(188,707,097)
Prepaid expenses and other current assets		**(31,586,802)**	(107,081,739)	(3,635,572)
Playing cards		**–**	–	4,062,409
Increase (decrease) in:				
Trade and other payables		**(57,353,804)**	(16,700,331)	352,751,043
Deposits		**(6,865,629)**	2,074,698	(14,258,389)
Due to a related party		**–**	–	(9,070,691)
Net cash provided by (used in) operations		**(194,311,339)**	325,935,594	683,478,508
Income taxes paid		**(18,397,986)**	(34,512,300)	(65,046,095)
Benefits paid	*18*	**(23,773,190)**	(54,776,692)	(2,172,429)
Interest received		**2,846,356**	4,169,920	1,396,080
Net cash provided by (used in) operating activities		**(233,636,159)**	240,816,522	617,656,064
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of assets/investment	*9*	**28,436,837**	1,000,000,000	–
Additions to:				
Property and equipment	*7*	**(37,919,037)**	(188,200,400)	(236,249,645)
Other noncurrent assets		**(15,226,538)**	(113,734,433)	(158,497,588)
Investments and advances	*9*	**(10,464,077)**	(95,743,815)	(69,048,376)
Investment properties	8	**(2,127,867)**	(17,540,217)	(33,804,628)

(Forward)

	Note	2020	2019	2018
		Years Ended December 31		
Cash given up from acquisition of subsidiaries and sites	10	–	–	(18,069,740)
Net cash provided by (used in) investing activities		**(37,300,682)**	584,781,135	(515,669,977)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Loans payable	12	**998,778,516**	136,700,000	1,139,735,145
Issuance of capital stock	14	–	4,366,927,117	–
Payments for:				
Loans payable	12	**(744,283,331)**	(2,298,588,373)	(724,067,441)
Lease liabilities	17	**(246,997,216)**	(268,395,972)	–
Interest	12	**(233,485,505)**	(498,952,982)	(428,176,343)
Dividends		**(73,057,416)**	(156,995,000)	(79,440,258)
Acquisition of treasury shares	14	**(39,227)**	–	8,721,847
Redemption of preferred shares	14	**(1,613,500,000)**	–	–
Net cash provided by (used in) financing activities		**(1,912,584,179)**	1,280,694,790	(83,227,050)
NET INCREASE (DECREASE) IN CASH		**(2,183,521,020)**	2,106,292,447	18,759,037
EFFECT OF EXCHANGE RATE CHANGES ON CASH		**(1,149,960)**	10,222,618	(1,212,145)
CASH AT BEGINNING OF YEAR		**2,558,645,280**	442,130,215	424,583,323
CASH AT END OF YEAR	4	**₱373,974,300**	₱2,558,645,280	₱442,130,215

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Leisure & Resorts World Corporation (LRWC or the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1957. The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities") and the Group's interest in joint venture and associates.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares are listed on the Philippine Stock Exchange, Inc. (PSE).

The Group's primary purpose is to engage in leisure business which includes management and operation of the activities conducted therein pertaining to general amusement and recreation enterprise, hotel and gaming facilities, including but not limited to bingo parlors.

The Parent Company's registered office address is 26th Floor, West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City.

Status of Operations

Impact of COVID-19. In a move to contain the COVID-19 outbreak, on March 16, 2020, the Office of the President of the Philippines issued Proclamation No. 929, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020 which was subsequently extended until May 15, 2020. The community quarantine classification was subsequently extended or changed either ECQ, modified ECQ and general community quarantine (GCQ). This resulted to the temporary closure of non-essential shops and businesses depending on the community quarantine classification of each location.

In line with the ECQ declaration in Metro Manila, Philippine Amusement Gaming Corporation (PAGCOR) released a memorandum on March 15, 2020 that gaming operations of its licensees would be suspended for the duration of the quarantine. On March 16, 2020, PAGCOR further announced the extension of the temporary suspension to all gaming operations nationwide effective midnight of March 16, 2020 until midnight of April 16, 2020 or until the government declares the COVID-19 situation either under control or for extended community quarantine.

On June 5, 2020, PAGCOR announced that they would allow resumption of gaming sites located on low-risk areas placed under "Modified General Community Quarantine" (MGCQ). Gaming sites within the areas under MGCQ would be allowed to operate at 50% operational capacity, except for traditional bingo halls, which falls under mass gathering, thus, remain suspended. On June 18, 2020, PAGCOR further allowed gaming sites to conduct dry run operations (at 30% operating capacity) on areas under GCQ.

The COVID-19 pandemic and its consequences as discussed above have significantly reduced the operations of all licensed casinos and gaming sites nationwide which have impacted the Group's business, operations, and financial results. Accordingly, the Group incurred total comprehensive loss of ₱1,338,718,902 in 2020 and negative operating cash flows of ₱233,636,159 in 2020 resulting in its current liabilities exceeding its current assets by ₱1,748,795,819 as at December 31, 2020. The COVID-19 pandemic is still prevailing and continues to affect the Group's operations (i.e. suspension of the gaming sites under ECQ, limitation on the operating capacity of gaming sites, etc.). Economic recovery is heavily dependent on the measures that will be adopted by the government.

The above conditions and events indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

Short-term liquidity issues of LRWC are being dealt on a group level as treasury and cash management functions remains centralized. The Group management has been addressing its existing obligations by negotiating with lenders to restructure and extend its term loans, renewing and obtaining additional credit lines, negotiating new payment terms with some suppliers and lessors, and implementation of its business continuity plan. As such, the accompanying consolidated financial statements have been prepared on a going concern basis of accounting.

As at May 30, 2021, the Group has obtained approval from its lenders for the deferral of 2021 principal and interest payments of its currently maturing loans. Moreover, in May 2021, other lenders of the Group provided an extension for the repayment of its principal and interest for at least 12 months and confirmed that the Group is not considered in default (see Note 12).

The Group has also obtained the approval for the discounts requested from some of its major suppliers and lessors in the second quarter of 2021 (see Note 17).

Approval and Authorization for Issuance of the Financial Statements
The accompanying consolidated financial statements as at and for the years ended December 31, 2020 and 2019 reviewed and recommended for approval by the Audit Committee on May 30, 2021. On the same date, the Board of Directors (BOD) approved and authorized the issuance of the consolidated financial statements.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

The consolidated financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Financial assets at FVOCI	Fair value
Investment properties	Fair value

The consolidated financial statements are presented in Philippine peso, the Group's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

New and Amended Standards and Interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures and PFRS 9, Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

In 2020, the Group has entered into several rent concessions and adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2020. The Group recognized rent concessions as variable lease payments. The impact of rent concessions amounting to ₱79,452,376 were presented in the consolidated statement of comprehensive income as reduction in amortization expense recorded under "Costs and operating expenses" (see Note 17).

Standards issued but not yet effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:

  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential "day 2"gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments shall be applied prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  These amendments may apply to future transactions of the Group.

Basis of Consolidation
The consolidated financial statements include the financial statements of LWRC and its subsidiaries as at December 31 each year and for the years then ended. The Group controls an investee if and only if the Group has:

- Power over an investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support the presumption and when the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- the contractual arrangements with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Group to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognized as part of "Other reserve" account in the equity attributable to the equity holders of the Parent.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest (NCI) and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements include the financial statements of the Group and the following subsidiaries as at December 31, 2020 and 2019:

Subsidiaries	Percentage of Ownership	Country of Incorporation
AB Leisure Exponent, Inc. (ABLE)	100	Philippines
AB Leisure Global, Inc. (ABLGI)	100	Philippines
LR Land Developers, Inc. (LRLDI)	100	Philippines
Prime Investment Korea, Inc. (PIKI)	100	Philippines
Total Gamezone Xtreme Incorporated (TGXI)	100	Philippines
Blue Chip Gaming and Leisure Corporation (BCGLC)	100	Philippines
Gold Coast Leisure World Corporation (GCLWC)	100	Philippines
LR Data Center and Solutions Inc. (LRDCSI)	80	Philippines
First Cagayan Leisure and Resort Corporation (FCLRC)	69.68	Philippines
First Cagayan Converge Data Center, Inc. (FCCDCI)	57.81	Philippines
Bingo Bonanza (HK) Limited (BBL)*	60	Hong Kong

**Non-operating subsidiary.*

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

NCI

NCI represent the portion of profit or loss and net assets or liabilities not held by the Group and are presented separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity, and within equity in the consolidated statements of financial position, separately from Group's equity attributable to equity holders of the Group. Losses applicable to the NCI in a subsidiary (including components of other comprehensive income) are allocated to the NCI even if doing so results in a deficit NCI balance.

The following table summarizes the information relating to the Group entities with material NCI, before any intra-group eliminations:

	December 31, 2020				
	LRDCSI	**FCLRC**	**BBL**	**FCCDCI**	**Grand Total**
Non-controlling interests percentage	**20.00%**	**30.32%**	**40.00%**	**42.19%**	
Current assets	**₱151,987,792**	**₱2,326,583,283**	**₱60,652**	**₱558,791,943**	**₱3,037,423,670**
Noncurrent assets	**43,062,497**	**318,119,363**	**33,437**	**163,243,972**	**524,459,269**
Current liabilities	**(171,843,257)**	**(1,493,089,873)**	**(87,144,381)**	**(427,086,227)**	**(2,179,163,738)**
Noncurrent liabilities		**(261,483)**	**(106,389,399)**	**–**	**(81,254,663)**	**(187,905,545)**
Net assets (liabilities)	**₱22,945,549**	**₱1,045,223,374**	**(₱87,050,292)**	**₱213,695,025**	**₱1,194,813,656**
Carrying amount of non-controlling interests	**₱4,589,110**	**₱316,911,727**	**(₱34,820,117)**	**₱90,157,931**	**₱376,838,651**
Revenue	**₱85,779,797**	**₱351,503,646**	**₱–**	**₱368,807,399**	**₱806,090,842**
Net loss for the year	**(₱9,866,256)**	**(₱61,995,936)**	**₱–**	**(₱87,043,162)**	**(₱158,905,354)**
Other comprehensive income	–	**7,633,505**	–	–	**7,633,505**
Total comprehensive loss	**(₱9,866,256)**	**(₱54,362,431)**	**₱–**	**(₱87,043,162)**	**(₱151,271,849)**
Net income (loss) allocated to non-controlling interests	**₱1,508,475**	**(₱2,962,276)**	**₱–**	**(₱36,725,521)**	**(₱38,179,322)**
Other comprehensive income allocated to non-controlling interests	–	**2,314,479**	–	–	**2,314,479**
Cash flows from operating activities	**(₱8,879,625)**	**₱196,821,981**	**₱–**	**(₱18,370,247)**	**₱169,572,109**
Cash flows from (used in) investment activities	**–**	**(180,438,863)**	**–**	**23,823,959**	**(156,614,904)**
Cash flows used in financing activities	**–**	**(43,915,959)**	**–**	**(8,920,863)**	**(52,836,822)**
Net decrease in cash	**(₱8,879,625)**	**(₱27,532,841)**	**₱–**	**(₱3,467,151)**	**(₱39,879,617)**

	December 31, 2019				
	LRDCSI	FCLRC	BBL	FCCDCI	Grand Total
Non-controlling interests percentage	20.00%	30.32%	40.00%	42.19%	
Current assets	₱60,675,355	₱1,984,550,514	₱60,652	₱344,762,556	₱2,390,049,077
Noncurrent assets	61,297,371	539,381,978	33,437	197,470,001	798,182,787
Current liabilities	(82,795,268)	(1,305,032,466)	(87,144,381)	(154,687,754)	(1,629,659,869)
Noncurrent liabilities	(32,416)	(117,485,329)	–	(87,038,089)	(204,555,834)
Net assets (liabilities)	₱39,145,042	₱1,101,414,697	(₱87,050,292)	₱300,506,714	₱1,354,016,161
Carrying amount of non-controlling interests	₱7,829,008	₱333,948,936	(₱34,820,117)	₱126,783,782	₱433,741,609
Revenue	₱99,733,764	₱458,352,744	₱–	₱521,638,814	₱1,079,725,322
Net income (loss) for the year	(₱13,991,364)	(₱51,491,563)	₱–	₱50,247,598	(₱15,235,329)
Other comprehensive income	–	(803,277)	–	–	(803,277)
Total comprehensive income (loss)	(₱13,991,364)	(₱52,294,840)	₱–	₱50,247,598	(₱16,038,606)
Net income (loss) allocated to non-controlling interests	(₱2,798,273)	(₱15,612,242)	₱–	₱21,199,462	₱2,788,947
Other comprehensive income allocated to non-controlling interests	–	(243,554)	–	–	(243,554)

	December 31, 2019				
	LRDCSI	FCLRC	BBL	FCCDCI	Grand Total
Cash flows from operating activities	P21,286,438	P162,967,386	P–	(P14,661,234)	P169,592,590
Cash flows from (used in) investment activities	(4,270,229)	2,246,296	–	19,073,149	17,049,216
Cash flows used in financing activities	–	(150,765,868)	–	(242,819)	(151,008,687)
Net increase in cash	₱17,016,209	₱14,447,814	₱–	₱4,169,096	₱35,633,119

ABLE
ABLE, a wholly-owned subsidiary, was registered with the SEC on March 31, 1995. Its primary purpose is to provide amusement and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

The consolidated financial statements also include the following indirect subsidiaries owned through ABLE:

	Percentage of Ownership	
Subsidiaries	**2020**	2019
Alabang Numbers & Gaming Corporation	**100**	100
Allpoint Leisure Corporation	**100**	100
Alpha One Amusement and Recreation Corp.	**100**	100
Big Time Gaming Corporation	**100**	100
Bingo Extravaganza, Inc.	**100**	100
Bingo Gallery, Inc.	**100**	100
Bingo Heaven Inc.*	**100**	100
Bingo Palace Corporation	**100**	100
Cebu Entertainment Gallery, Inc.	**100**	100
Fiesta Gaming and Entertainment Corporation*	**100**	100
First Leisure & Game Co., Inc.	**100**	100
Galleria Bingo Corporation	**100**	100
Gamexperience Entertainment Corp.	**100**	100
Grand Polaris Gaming Co., Inc.	**100**	100
G-One Gaming & Technology, Inc.	**100**	100
Highland Gaming Corporation	**100**	100
Iloilo Bingo Corporation	**100**	100
Metro Gaming Entertainment Gallery, Inc.	**100**	100
Rizal Gaming Corporation	**100**	100
SG Amusement and Recreation Corp.	**100**	100
South Bingo Corporation	**100**	100
South Entertainment Gallery Incorporated	**100**	100
Topmost Gaming Corp.	**100**	100
Topnotch Bingo Trend, Inc. (Topnotch)	**100**	100
One Bingo Pavilion Inc.	**100**	100
Worldwide Links Leisure and Gaming Corporation	**100**	100
Bingo Dinero Corporation (Bingo Dinero)	**100**	95
Bingo Zone, Inc.*	**95**	95
Manila Bingo Corporation	**95**	95
Isarog Gaming Corporation	**90**	90
One Bingo Place, Incorporated	**80**	80
Summit Bingo, Inc.	**60**	60
Negrense Entertainment Gallery, Inc.	**55**	55

**Non-operating subsidiaries.*

ABLE offers traditional and electronic bingo games on its bingo halls across the country. Classified under non-essential businesses, all ABLE's bingo halls were temporarily closed on March 16, 2020. On June 5, 2020, PAGCOR issued a memorandum allowing the resumption of operations of gaming sites within MGCQ areas at 50% capacity. Bingo halls located in areas under GCQ areas were allowed to operate at 30% operating capacity. As at May 30

, 2021, ABLE's traditional bingo operations remain suspended as it falls under mass gathering.

ABLGI

ABLGI, a wholly-owned subsidiary, was registered with the SEC on October 20, 2009. Its primary purpose is to acquire, own, use, 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. ABLGI started its operations on January 1, 2013.

The consolidated financial statements also include the following indirect subsidiaries owned through ABLGI as at December 31, 2020 and 2019:

Subsidiaries	Percentage of Ownership
AB Leisure Asia Holdings Inc. (ABLAHI)	100
AB Leisure Holdings Philippines Corp. (ABLHPC)	100
G-L Real Estate JV Corporation (GL-JV)	100
G-Boracay Land Holdings Inc. (GBLHI)	100
G-Boracay Alpha Holdings Inc. (GBAHI)	100
G-Boracay Beta Holdings Inc. (GBBHI)	100
G-Boracay Gamma Holdings Inc. (GBGHI)	100

These indirect subsidiaries were incorporated in 2017 for a future project. The land for such project was acquired in 2017 at a cost of ₱4,759,548,749.

There have been no significant changes in the operations of ABLGI as a direct effect of the COVID-19 pandemic.

LRLDI

On December 10, 2007, the Parent Company incorporated LRLDI as its wholly-owned subsidiary. It is engaged in realty development and tourism. LRLDI started its operations in 2010.

There have been no significant changes in the operations of LRLDI as a direct effect of the COVID-19 pandemic.

PIKI

PIKI was registered with the SEC on November 9, 2012. Its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property. On July 3, 2013, PIKI obtained a Grant of Authority from PAGCOR for the privilege and authority to bring in pre-registered non-Philippine junket players (with passports bearing Philippine arrival dates no later than five (5) days prior to the initial entry in the Gaming Rooms) to play the designated junket Gaming Rooms at PAGCOR's Casino Filipino - Midas, with a minimum gaming table mix to be determined by PAGCOR. On

March 22, 2013, the Parent Company acquired 100% of PIKI's outstanding capital stock. PIKI started its operations on July 26, 2013.

PIKI is licensed by PAGCOR to operate a junket within PAGCOR's Casino Filipino-Midas. Junket operations have been suspended at the start of the ECQ. As at May 30, 2021, PIKI's operations has yet to resume upon lifting of suspension on face-to-face mass gatherings.

TGXI

TGXI was registered with the SEC on June 27, 2014 primarily to engage in general amusement, gaming operations and recreation enterprises. PAGCOR granted TGXI the privilege to establish, install, maintain, and operate a PAGCOR eGames Station ("PeGS"). PeGS is a gaming facility that offers virtual casino games. TGXI started commercial operations on July 16, 2014.

TGXI operates PeGS in several locations across the country. Its operations were suspended on March 16, 2020 until June 16, 2020. Relative to PAGCOR's memorandum on June 5, 2020, TGXI was allowed to operate at 50% and 30% capacity in sites under MGCQ and GCQ, respectively.

BCGLC

BCGLC was registered with the SEC on February 26, 2009. 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 October 20, 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 July 24, 2015, BCGLC incorporated Gold Coast Leisure World Corp. (GCLWC) as its wholly-owned subsidiary. Its primary purpose is to purchase, acquire, own, lease (except financial leasing), sell and convey real properties such as lands, buildings, factories, and warehouses and machineries, equipment, and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, share of its capital stock, debentures and other evidences of indebtedness, or other securities as may be deemed expedient, for any business or property acquired by the corporation.

BCGLC operates several PAGCOR VIP clubs. Operations of the PAGCOR VIP clubs were suspended from March 16, 2020 to June 15, 2020 due to the mandated community quarantine of the Philippine government. Relative to PAGCOR's memorandum on June 5, 2020, BCGLC was allowed to operate at 50% and 30% capacity in sites under MGCQ and GCQ, respectively. Its operations resumed on June 16, 2020.

LRDCSI

LRDCSI was registered with SEC on May 20, 2016 and started its operation in October 2017. LRDCSI is a technology company engaged in aggregating data and telecommunication services. LRDCSI's revenue model involves acquiring services from local and foreign technology and telecommunications companies at wholesale rates, bundling said services and then reselling the services at retail rates. The premium for such activity is warranted given the bespoke and higher level of customer engagement provided by the LRDCSI.

LRDCSI's portfolio includes solutions related to data center co-location, internet, private leased lines, mobile and voice platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in all industry sectors including land based and online gaming operators. LRWC owns 80% of the outstanding capital stock of LRDCSI while an individual stockholder owns 20%.

LRDCSI provides advanced information technology infrastructure services for businesses such as co-location, internet services, connectivity, business continuity and disaster recovery, and managed professional services. Service agreements with the customers are renewable annually. Due to the COVID-19 pandemic, some of the clients of LRDCSI terminated or have not renewed its contract. In addition, LRDCSI granted discounts to some of its customers in April and May 2020.

FCLRC
FCLRC was incorporated on April 26, 2000 and is a Cagayan Special Economic Zone and Freeport (CSEZFP) registered enterprise. 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 CSEZFP. Pursuant to the License Agreement, CEZA 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.

As Master Licensor in CEZA, FCLRC is authorized to collect a sub-license fee of two percent of the gross winnings from the internet casino, in accordance with an agreed formula. Since COVID-19 impacted the operations of the CEZA licensees, FCLRC's sub-license fee also decrease due to discontinuance of the operations of its locators/licensees.

FCCDCI
On March 1, 2007, FCLRC and IP Converge Data Center Corp. (IPCDCC) entered into a Shareholders Agreement (Joint Venture) to engage in the business of information technology such as, but not limited to IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution to the licensed locators of FCLRC, as well as the CEZA. The Joint Venture shall likewise invest in building, upgrading and maintaining the IP communications infrastructure that connects CEZA to the global internet. This includes fiber optic networks, wireless radio stations, telco-grade internet data center, network operations center, and network hubs/access points. This investment is made by FCLRC in relation to the Master Development Plan for Tourism Area in CSEZFP and the Development of Information Technology (IT) Facilities and Telecommunications (Master Development Plan) (see Note 16).

FCCDCI was incorporated and registered with the SEC on November 14, 2007, and started commercial operations on January 1, 2008. FCLRC owns 60% of FCCDCI and the remaining 40% is owned by IPCDCC.

On May 15, 2012, IPCDCC entered into a Deed of Assignment of Subscription Rights with IP Ventures, Inc. ("IPVI" a third party Group) whereby IPCDCC assigned all the rights, interests and participation to IPVI. On January 1, 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI.

By virtue of the Deed of Absolute Sale of Share of Stock entered into by IPVI and LRDCSI, LRWC obtained a 57.81% effective interest and control in FCCDCI through its direct subsidiaries FCLRC and LRDCSI at 60% and 20% equity stake in FCCDCI, respectively. Thus, due to the effect of the 20% additional equity interest, FCCDCI is consolidated into the Group effective January 1, 2017.

FCCDCI provides advanced information technology infrastructure services for businesses such as co-location, internet services, connectivity, business continuity and disaster recovery, and managed professional services. Service agreements with the customers are renewable annually. Due to the COVID-19 pandemic, some of the clients of FCCDCI terminated or have not renewed its contract. In addition, FCCDCI granted discounts to some of its customers in April and May 2020.

BBL

On March 15, 2010, the Parent Company 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 Hong Kong and started its operations in March 2012. It is currently non-operational and in the process of liquidation.

Transactions Eliminated on Consolidation

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated. Unrealized gains from transactions with the equity accounted investees are eliminated against the investment to the extent of the Group's interest in investee. Unrealized losses are eliminated in the same way as unrealized gains, to the extent that there is no evidence of impairment.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when:

- it is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realized within twelve months after the financial reporting date; or
- it is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the financial reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial reporting date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities, and net retirement assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest" (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group has cash, receivables, due from related parties, rental deposits and cash performance bonds classified as financial asset at amortized cost. It also has investment in equity securities classified as financial asset at FVOCI. The Group has no financial asset designated as FVPL.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial Assets at Amortized Cost (Debt Instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investment under this category.

Derecognition. A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets. The Group recognized an allowance from expected credit losses (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

For cash in bank and other receivables, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash in bank since initial recognition.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Determining the stage for impairment. At each reporting date, the Group assesses whether there has been a significant increase in credit risk (SICR) for financial assets since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Staging assessment. PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been SICR of a financial asset. Three stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument at the date of initial recognition.

- Stage 2 is comprised of all non-financial instruments which have experienced SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

b. Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans payable, lease liabilities and deposits which are classified as loans and borrowings.

The Group has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included as interest expense in the statement of comprehensive income.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Classification of Financial Instruments between Debt and Equity
A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: (a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer's own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments
Financial assets and liabilities are offset and the net amount is reported in the Group consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all counterparties.

Determination of Fair Value

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, origin the absence of a principal market, or
- In the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Group financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Prepaid Expenses and Other Current Assets

Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operations or expire with the passage of time. These typically comprise prepayments for commissions, taxes and licenses and rental.

Prepaid expenses are classified in the consolidated statements of financial position as current assets when the cost of goods or goods related to the prepaid expenses are expected to be incurred within one year. Otherwise, prepaid expenses are classified as noncurrent assets.

Other current assets represent resources that are expected to be used up within one year after the reporting date. These typically comprise advances to contractors and suppliers, input value-added tax (VAT), playing cards, etc.

Investments and Advances
An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. Significant influence is the power to participate in the financial and operating policies of the investee, but is not control or joint control over those policies.

A joint venture is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions, and over which the parties have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in associates and joint ventures are accounted for using the equity method in the consolidated financial statements. Under the equity method, investments in associates and joint ventures are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the share of net assets, less any impairment in value. When the Group's share of losses exceeds the cost of the investments in associates and joint ventures, the carrying amount of that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates and the joint ventures. The carrying amount of the investments are adjusted to recognize the changes in the Group's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Group's share in profit or loss of associates or joint ventures are recognized as "Equity in net earnings of associates" and "Equity in net earnings of joint ventures" accounts, respectively, in profit or loss. Unrealized gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss with respect to the Group's net investment in the shares of stock of associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments in associates or joint ventures are impaired. If there is such evidence, the Group recalculates the amount of impairment as the difference between the recoverable amount and carrying amount of the investment in shares of stock of associates or joint ventures. Such impairment loss is recognized as part "Equity in net earnings of associates" and "Equity in net earnings of joint ventures" accounts in profit or loss.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in shares of stock of associates or joint ventures upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group normally contributes cash or other resources to the associates and joint ventures. These contributions are included in the accounting records of the Group and recognized in its consolidated financial statements as part of its investments in associates and a joint venture.

Investments and advances also include advances to companies in which the Group has positive intention of taking over these companies or having ownership interest in the future.

Property and Equipment

Property and equipment, except land, is carried at cost less accumulated depreciation and impairment losses, if any. Land is stated at cost less any impairment in value.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing it to working condition and location for its intended use. Subsequent expenditures that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset, in excess of the originally assessed standard of performance, will flow to the Group. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

It is the Group's policy to classify right-of-use assets as part of property and equipment. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation is computed using the straight-line method over the estimated useful life (EUL) of the property and equipment over the following EUL:

	Number of Years
Leasehold improvements	5 years or related lease term whichever is shorter
Aircraft and transportation equipment	5 - 15
Gaming equipment	5
Office furniture and fixtures and equipment	5
Network equipment	10
Condominium unit	25
Airstrip improvements*	10
Right-of-use asset	1 - 25

**Recorded under "Other noncurrent assets" account*

The Group estimates the useful life of its airstrip improvement based on the period over which the asset is expected to be available for use.

The EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from those assets.

When it is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is reflected in the Group's consolidated statement of comprehensive income.

Investment Properties
Investment properties consist of land, land improvements, building, or part of a building or both held to earn long-term rental yields or for capital appreciation or both, and is not occupied by the Group or held for sale in the ordinary course of business.

The Group adopted the fair value model for accounting for its investment properties. Under this method, investment properties are initially measured at cost, including transaction costs, but are subsequently remeasured at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by independent real estate valuation experts using cost approach and sales comparison approach. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment properties are derecognized when either those have been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain and loss on derecognition of investment properties is recognized in profit or loss in the year of derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of the owner occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied properties, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property and equipment up to the date of change in use. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation is transferred to retained earnings.

For those right-of-use assets that qualify as investment properties, i.e., those land and buildings that are subleased by the Group, these are classified under investment properties in accordance with paragraph 48 of PFRS 16. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at fair value.

Lease Rights
The Group's lease rights pertain to acquired rights and interests in the sublease agreement entered upon by the Group. Lease rights are accounted under other noncurrent assets and stated at cost less accumulated amortization and impairment in value, if any. Lease rights are amortized on a straight-line basis over the lease term.

Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Costs and operating expenses" account in the consolidated statement of comprehensive income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the profit or loss.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any NCI in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statement of comprehensive income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statement of comprehensive income.

Goodwill

Goodwill acquired is initially measured as the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the resulting amount is negative (bargain purchase gain), it is recognized immediately in profit or loss. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Bargain purchase gain, which is the excess of the net fair values of acquired identifiable nonmonetary assets of subsidiaries and associates over the cost of acquisition, recognized directly to profit or loss.

When subsidiaries are sold, the difference between the selling price and the subsidiary's net asset plus goodwill associated with the investment are recognized in consolidated statement of comprehensive income.

Impairment of Nonfinancial Assets
The carrying amounts of the Group's nonfinancial assets such as property and equipment and investments and advances and other noncurrent assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized in profit or loss whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

The recoverable amount of a nonfinancial asset is the greater of the asset's fair value less costs to sell (FVLCS) and its value in use (VIU). FVLCS is the amount obtainable from the sale of the asset in an arm's length transaction less costs to sell while VIU is the present value of estimated future cash flows expected to be generated from its disposal at the end of its useful life. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized. Reversals of impairment are recognized in the consolidated statement of comprehensive income.

Capital Stock and Additional Paid-in Capital
Common and preferred shares are classified as equity. Incremental costs directly attributable to the issuance of common and preferred shares are recognized as a deduction from relevant additional paid-in capital, and if none or insufficient, to be deducted from retained earnings, net of any tax effects. Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

Treasury Shares
When share capital is repurchased, the amount of the consideration paid, which includes directly/ attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is transferred to additional paid-in capital, while the resulting deficit is applied against additional paid-in capital and retained earnings, for any excess of deficit over the additional paid-in capital arising from treasury shares transactions. Preferred shares that are redeemed and not cancelled are presented as treasury shares.

Fair Value Reserve
Fair value reserve represents cumulative net change in the fair value of FVOCI, net of tax effect, as at reporting date (see Note 9).

Foreign Currency Translation Reserve
The assets and liabilities of the subsidiary with transactions denominated in currencies other than Philippine peso are translated using the applicable closing exchange rates on the reporting date. The income and expenses of the subsidiary with transactions denominated in currencies other than

Philippine peso are translated using the exchange rates at the date of transactions. Foreign currency differences are recognized in other comprehensive income and accumulated in the "Foreign currency translation reserve" account in the consolidated statements of financial position.

Retained Earnings

Retained earnings represents the cumulative balance of periodic profit/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Dividend distribution to the Parent Company's shareholder is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved and declared by the Parent Company's BOD.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer except for some entities of the Group which act as agent in certain commission revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Electronic Bingo. Revenue from these bingo games are satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues is net of payments and share of machine vendors.

Traditional Bingo, Rapid Bingo and Pull Tabs. Revenue from these bingo games are satisfied at a point in time and are recognized upon sale of bingo cards.

Service and Hosting Fees. Revenue from bandwidth and co-location services are satisfied over time and are recognized as the services are performed. Service fees are satisfied at a point in time and are recognized upon processing of locators' application for a franchise. Hosting fees are satisfied over time and are recognized upon accrual of the gaming levy to locators based on their reported revenue as defined in the license agreement.

Income from junket operations. Income from junket operations is satisfied over time and is recognized when the related services are rendered based on a percentage gross gaming revenue of the junket.

One time set-up charges. The one time set-up charge is recognized over the term of the contract.

Commission Income. Commission income is satisfied over time and is recognized when the related services are rendered based on a percentage of each PeGs' casino winnings.

Other income. Other income comprises miscellaneous income from operations and recognized at a point in time.

The following revenue streams are outside the scope of PFRS 15:

Rent Income. Income is recognized based on the percentage of the net wins (gross wins less payouts).

Interest Income. Interest income is recognized as it accrues in profit or loss using the EIR method.

Contract Balances

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivable. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

Costs and Expenses Recognition

Costs and expenses are decrease in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in profit or loss when they are incurred and are reported in the financial statements in the periods to which they relate.

Payouts represent payments to winners of traditional bingo games. This is recognized as expense upon conclusion of the game.

Leases

Upon adoption of PFRS 16, the determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in "Retail and others" account in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as Lessor. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenues in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Prior to the adoption of PFRS 16, the determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised, or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting will commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. In cases where the Group acts as a lessee, operating lease payments are recognized as expense in the consolidated statement of income on a straight-line basis over the lease term.

Employee Benefits
Short-term Benefits
The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, and other short-term benefits.

Retirement Benefits Liability
The Group's net obligation in respect of its retirement plan is calculated separately by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods and the benefits are discounted to determine its present value. The discount rate is the yield at the reporting date of long-term government bonds that have maturity dates approximating the terms of the Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of reductions in future contributions to the plan.

Remeasurements of the net defined benefit obligation or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), if any, are recognized immediately in OCI. The Group determines the net interest expense or income on the net defined benefit obligation or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit obligation or asset, taking into account any changes in the net defined benefit obligation or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at reporting date.

Income Taxes
Income tax expense comprises of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI, in which case it is recognized directly in equity or OCI.

Current Tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the end of reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and the carry forward tax benefits of the net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on retranslation of financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in OCI.

Foreign Operations

The assets and liabilities of foreign operations are translated to Philippine peso at exchange rates at the reporting date.

Foreign currency difference is recognized in other comprehensive income, and presented in the foreign currency translation gain (Foreign currency translation reserve) in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in OCI related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, relevant proportion of the cumulative amount is reattributed to NCI.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item a-re considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in "Foreign currency translation reserve" in equity.

Segment Reporting

For purposes of management reporting, the Group is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. Such business segments are the bases upon which the Group reports its primary segment information.

Financial information on business segments is presented in Note 23 to the consolidated financial statements. The Group has one geographical segment and derives substantially of its revenues from domestic operations.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is consistent with the computation of the basic earnings per share while giving effect to all dilutive potential common shares, such as the warrants granted, that were outstanding during the period. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares. Where the effect of the warrants is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

Use of Estimates and Judgment
The preparation of the Group's consolidated financial statements in accordance with PFRSs requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. However, uncertainty about these estimates, judgments and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Actual results may differ from these estimates, judgments and assumptions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates and judgments ae revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effects on the amounts recognized in the Group's consolidated financial statements is as follows:

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Assessment of Going Concern. The Group is engaged in gaming and tourism industry related businesses. In addition, the Group's joint venture is involved in the hotel and recreation industry. Due to the COVID-19 outbreak, gaming operations of PAGCOR licensees and hotels were temporarily suspended for the duration of the quarantine. As a result, the Group incurred total comprehensive loss of ₱1,338,718,902 in 2020 and negative operating cash flows of ₱233,636,159 in 2020 resulting in its current liabilities exceeding its current assets by ₱1,748,795,819 as of December 31, 2020. The Group has ongoing plans for suitable financing options.

As at May 30, 2021, the Group has obtained approval from its lenders for the deferral of 2021 principal and interest payments of its currently maturing loans. Moreover, in May 2021, other lenders of the Group provided an extension for the repayment of its principal and interest for at least 12 months and confirmed that the Group is not considered in default (see Note 12).

The Group has also obtained the approval for the discounts requested from some of its major suppliers and lessors in the second quarter of 2021 (see Note 17).

Management believes that considering the progress of the steps undertaken to date, the above financing plans are feasible and will generate sufficient cash flows to enable the Group to meet its obligations when they fall due and address the Group's liquidity requirements to support its operations. Accordingly, the accompanying consolidated financial statements have been prepared on a going concern basis of accounting.

Fair Value Measurement. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

Fair Value of Investment Properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment properties, the appraisers used a valuation technique based on comparable market data available for such property.

The fair values of the investment properties were arrived at using the sales comparison approach for land and cost approach for buildings and land improvements.

The key assumptions used to determine the fair value of these properties are provided in Note 8.

Investment properties amounted to ₱10,058,095,750 and ₱9,773,653,000 as at December 31, 2020 and 2019, respectively. Unrealized gains on changes in fair values of investment properties recognized in profit or loss amounted to ₱282,314,883 in 2020, ₱2,449,424,356 in 2019, and ₱1,329,408,530 in 2018 (see Note 8).

Determination of Lease Term of Contracts with Renewal and Termination Options – Group as a Lessee. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include any renewal and termination options in determining the lease term as these are not reasonably certain to be exercised.

Acquisition Accounting. The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property and equipment, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

As at December 31, 2020 and 2019, the carrying amounts of goodwill arising from business combinations amounted to ₱1,329,092,293 and ₱1,493,884,695, respectively (see Note 10).

Determination and Classification of Joint Arrangement. The Group determines a joint arrangement in accordance with its control over the entity or joint operations rather than its legal form. The Group's investments in joint venture is structured in a separate incorporated entity. The joint venture agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements. The Group has determined its involvement in joint arrangement and determined that its investment is classified as joint venture.

Hotel Enterprises of the Philippines, Inc. (HEPI) - Although the Group has 51% ownership in HEPI, the shareholders' agreement provides for equal representation in the BOD which in substance is similar to a joint venture arrangement.

Distinction Between Investment Property and Property and Equipment. The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Property and equipment generate cash flows that are attributable not only to property but also to the other assets used for administrative purposes and rendition of services.

If the portion cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment. The Group has determined that the land, land improvements and building are investment properties.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of Goodwill. Goodwill is tested for impairment annually. Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

The impairment testing of goodwill utilized significant unobservable inputs (Level 3) to determine the VIU.

The Group performs impairment testing of goodwill annually. The recoverable amount of the cash generating units containing the goodwill is based on the VIU which is determined on discounting the future cash flows to be generated from the continuing use of the cash generating units.

The following are the key assumptions used by the management in the estimation of the recoverable amount:

- *Gross Revenues.* Gross revenues of the Group over the next five (5) years are projected to grow in line with the economy or with the nominal Gross Domestic Product. This assumes that the market share of the subsidiaries in their respective territories will be flat on the assumption that it will also grow at par with the economy.

  The revenue growth rates used for the gross revenues are as follow:

	2020	2019
TGXI	**5%**	5%
BCGLC	**8%**	8%
ABLE and other units	**5%**	5%
FCLRC	**5%**	5%

- *Operating Expenses.* Operating expenses are projected to increase at a single-digit growth rate and at a slower pace than revenue.

- *Discount Rate.* Discount rates are derived from the Group's Weighted Average Cost of Capital (WACC) which is used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, regard has been given to various market information, including, but not limited to, five-year government bond yield, bank lending rates and market risk premium. The post-tax discount rates used are as follow:

	2019	2019
TGXI	**8.36%**	8.53%
BGCLC	**8.36%**	8.53%
ABLE and other units	**8.36%**	8.53%
FCLRC	**8.36%**	8.53%

- *Terminal Growth Rate.* The long-term rate used to extrapolate the cash flow projections of the acquired investments beyond the period covered by the recent budget excludes expansions and possible acquisitions in the future. Management also recognizes the possibility of new entrants, which may have significant impact on existing growth rate assumptions. Management however, believes that new entrants will not have a significant adverse impact on the forecast included in the cash flow projections. The terminal growth rates used in the cash flow projections for all cash generating units are 4.5% in 2020 and 4.7% in 2019.

In view of the community quarantine, the Group's retail and casino sites remain either closed or allowed with limited operating capacity which have significantly impacted the Group's revenues in 2020. Management has considered the impact of the COVID-19 on its calculation of the recoverable amount of its goodwill.

The Group recognized provision for impairment loss on the goodwill of its several bingo sites amounting to ₱164,792,402 in 2020, ₱8,183,009 in 2019 and nil in 2018. As at December 31, 2020 and 2019, the carrying amounts of goodwill amounted to ₱1,329,092,293 and ₱1,493,884,695, respectively (see Note 10).

Definition of Default and Credit-Impaired Financial Assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than 90 days past due on its contractual payments, which is consistent with the Group's definition of default.

- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where: a. The borrower is experiencing financial difficulty or is insolvent; b. The borrower is in breach of financial covenant(s); c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Group's ECL calculation.

Simplified Approach for Trade Receivables and Due from Related Parties. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various patron segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Grouping of instruments for losses measured on collective basis. For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

Macro-economic Forecasts and Forward-looking Information. Macro-economic forecasts is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group did not provide any extension of payment, as a result of the COVID-19 pandemic. Management has considered the impact of the COVID-19 on its ECL calculation and assessed the impact to be not significant.

As at December 31, 2020 and 2019, the aggregate carrying amounts of receivables and due from related parties of the Group amounted to ₱1,804,005,416 and ₱2,002,311,368, respectively (see Notes 5, 9 and 20). As at December 31, 2020 and 2019, the related allowance for ECL on receivables and due from related parties amounted to ₱493,534,727 and ₱248,408,408, respectively (see Note 5).

Estimating Provisions and Contingencies. The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group has several tax cases at the Supreme Court and Court of Tax Appeals. The Group's estimates of the probable costs for the resolution of these cases have been developed in consultation with outside legal counsel handling the prosecution and defense of these matters and are based on an analysis of potential results. The Group currently does not believe that the cases will have a material adverse effect on its consolidated financial statements. It is possible, however, that the future consolidated financial statements could be materially affected by changes in the estimates or in the effectiveness of strategies relating to its proceeding. As such, the Group has not recognized any provision as at December 31, 2020 and 2019 (see Note 24).

Leases - Estimating the IBR. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Company's lease liabilities amounted to ₱815,841,312 and ₱781,776,527 as at December 31, 2020 and 2019, respectively (see Note 17).

Impairment Losses of Nonfinancial Assets Other than Goodwill. The Group assesses impairment on nonfinancial assets such as property and equipment, investments and advances, airstrip improvements and lease rights when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

a. *Property and equipment*
The Group assess impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. In view of the community quarantine, the Group's retail and casino sites remain either closed or allowed with limited operating capacity which have significantly impacted the Group's revenue. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the Group's property and equipment.

For the Group's impaired property and equipment, the Group determined that the VIU of these assets is zero since these assets pertain to non-movable assets of its closed sites with no expected future cashflows. Management assessed that any scrap value (FVLCS) is not material.

Based on the assessment, the Group recognized impairment loss on its property and equipment amounting to ₱18,333,260 in 2020 and nil in 2019 and 2018. The carrying value of the Group's property and equipment amounted to ₱1,568,544,893 and ₱1,964,516,238 as at December 31, 2020 and 2019, respectively (see Note 7).

b. *Investment in joint venture*
The Group assess impairment of investments in joint venture whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The factors that the Group consider important, which could trigger an impairment review include the following:

- a downgrade of joint venture's credit rating or a decline in the fair value of the associate or joint venture in consideration of other available information
- significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the joint venture operates

In view of the continuing community quarantines and restricted travel, HEPI continuously affected by the lower number of guests and reduced room rates, both of which have significantly impacted the Group's share in net losses of HEPI. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the Group's investment in HEPI.

The Group determined that the recoverable amount of its investment in HEPI based on VIU calculation using cashflow projection from financial budgets as approved by management. The Group applied a post-tax discount rate of 8.36% on the cash flow projections.

The key assumptions used by the management in the estimation of the recoverable amount in 2020 are as follows:

- Revenue growth rate - growth rates are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates. Growth rate used in the projected future cash flows was 7% from 2021 to 2025.

- Long-term growth rate - Rates are based on published industry research. Management recognizes that the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonable possible alternative to the estimated long-term growth rate of 4.5%.

Based on the above impairment assessment, the recoverable amount of the investment in HEPI exceeded its carrying amount, thus, no impairment loss was recognized in 2020. The carrying value of the Group's investment in HEPI amounted to ₱1,097,613,078 and ₱1,200,053,085 as at December 31, 2020 and 2019, respectively (see Note 9).

As at December 31, 2020 and 2019, allowance for impairment loss on investments and advances amounted to ₱347,267,356 and ₱225,218,314, respectively (see Note 9).

c. *Other non-financial assets (Airstrip improvements, lease rights, creditable withholding tax (CWT) and input VAT)*

For input VAT, the Group recognized impairment loss of ₱31,343,106 in 2020, ₱100,472,955 in 2019 and ₱111,865,997 in 2018 since the Group does not have sufficient output VAT to utilize this as most of the revenue activities are subject to franchise tax. As at December 31, 2020 and 2019, the Group's allowance for input VAT amounted to ₱243,682,058 and ₱212,338,952, respectively (see Notes 6 and 11).

For CWT, the Group recognized impairment loss of ₱3,623,281 in 2020, ₱28,018,009 in 2019 and nil in 2018 since the Group has no forecasted taxable income where these CWTs can be utilized (see Notes 6 and 11).

There are no impairment indicators identified for the Group's airstrip improvements and lease rights for the years ended December 31, 2020, 2019 and 2018.

As at December 31, 2020 and 2019, the following are the carrying amounts of the Group's nonfinancial assets other than goodwill:

	Note	**2020**	2019
Property and equipment - net	*7*	**₱1,568,544,893**	₱1,964,516,238
Investments and advances - net	*9*	**2,190,594,760**	2,289,115,560
Airstrip improvements - net*	*11*	**27,907,520**	31,000,512
Lease rights - net	*11*	**–**	18,998,422
Input VAT - net	*6, 11*	**27,772,590**	23,297,299
CWT	*6*	**13,724,270**	16,357,496

**Recorded under "Other noncurrent assets" account in the consolidated statement of financial position.*

Estimating Retirement Benefits Liability. The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

As at December 31, 2020 and 2019, retirement benefits liability amounted to ₱146,808,654 and ₱180,338,178, respectively (see Note 18).

Estimating Realizability of Deferred Tax Assets. The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of the temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

As at December 31, 2020 and 2019, the Group recognized deferred tax assets amounted to nil and ₱20,476, respectively and the Group's unrecognized deferred tax assets amounted to ₱568,851,022and ₱621,928,060 , respectively (see Note 21).

4. Cash and Cash Equivalents

	2020	2019
Cash in banks	₱277,774,777	₱2,470,113,025
Cash on hand and payout fund	92,459,872	88,532,255
Cash equivalents	3,739,651	–
	₱373,974,300	₱2,558,645,280

Cash in banks earn interest at the respective bank deposit rates. Interest income recognized amounted to ₱2,846,356 in 2020, ₱4,169,920 in 2019, and ₱1,396,080 in 2018 (see Note 19).

Payout fund pertains to the cash held by the cashier which is intended to pay for the prizes of the winners of each traditional bingo game. This is replenished on a daily basis.

Cash equivalents are made for varying periods of up to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

5. Receivables - net

	Note	2020	2019
Trade receivables		₱1,000,444,386	₱1,031,849,278
Advances to third parties		157,581,974	165,968,773
Marketing support fund		103,722,826	77,000,000
Advances to Pacific Visionary (Pacific)		94,139,697	94,139,697
Receivable from sale of the aircraft	*7, 12*	72,973,163	–
Advances to stockholders		53,322,344	54,599,862
Current portion of:			
Advances to Binondo Leisure Resources, Inc. (BLRI)	*9*	49,000,000	31,000,000
Receivable from Total Consolidated Asset Management, Inc. (TCAMI)	*9*	29,453,790	50,000,000
Receivables from concessionaires		11,262,736	11,262,736
Others		39,132,552	21,749,923
		1,611,033,468	1,537,570,269
Less allowance for expected credit loss		493,534,727	248,408,408
		₱1,117,498,741	₱1,289,161,861

The movements in allowance for ECL in 2020 and 2019 are as follows:

	2020	2019
Balance at beginning of year	₱248,408,408	₱240,873,866
Provisions during the year	234,837,223	7,534,542
Write-off	10,289,096	–
Balance at end of year	₱493,534,727	₱248,408,408

Trade receivables

Trade receivables are unsecured, noninterest-bearing and collectible within 30 days.

Advances to third parties
Advances to third parties consist mainly of funds provided to a future project reimbursable from the project partner. These advances are noninterest-bearing, unsecured and collectible on demand.

Marketing support fund
Marketing support fund pertains to the reimbursable advances made by the Group for the promotional activities relating to e-bingo machine and e-games platform provider.

Advances to Pacific
These are cash advances provided to Pacific for the purpose of securing leased premises for the operation of a VIP Club by PAGCOR. The advances are unsecured and non-interest bearing which was initially due on or before December 31, 2019. The parties subsequently agreed to extend loan repayment for an additional period of one (1) year from December 31, 2019, or until December 31, 2020.

The Group recognized allowance for ECL amounting to ₱94,139,697 in 2020.

Advances to stockholders
Advances to stockholders are unsecured, noninterest-bearing advances and collectible on demand.

Receivable from TCAMI
This is the current portion of the receivable from TCAMI related to the sale of the Group's 50% shares in TechZone Philippines, Inc. (see Notes 9 and 20).

Others
Other receivables also include cash advances made to companies which are engaged in similar gaming and amusement activities as the Group. Receivables from these companies represent noninterest-bearing and unsecured advances for working capital purposes that are due within one year.

6. Prepaid Expenses and Other Current Assets

	2020	2019
Input VAT	**₱231,984,639**	₱204,737,480
Prepaid expenses	**66,234,213**	73,164,047
Advances to officers and employees	**49,637,338**	38,324,531
Advances to contractors and suppliers	**20,967,084**	25,251,951
CWT	**13,724,270**	16,357,496
Accrued rent income	**12,118,531**	10,623,376
Others	**2,908,766**	2,988,230
	397,574,841	371,447,111
Allowance for non-recoverable input VAT	**(231,048,271)**	(201,540,955)
	₱166,526,570	₱169,906,156

Prepaid expenses consist of prepaid taxes, prepaid rent, prepaid insurance on property and equipment, health care benefits of employees and advances for consultancy and professional services.

Advances to officers and employees are noninterest-bearing, unsecured and subject to liquidation within 12 months from the date granted or collectible in cash upon demand.

Advances to contractors and suppliers are down payment to vendors that will be applied against future deliveries of goods and performance of services.

Accrued rent income pertains to the amount of rent that has been earned based on the straight-line method of accounting for operating leases.

The movements in allowance for impairment for input VAT in 2020 and 2019 are as follows:

	2020	2019
Balance at beginning of year	**₱201,540,955**	₱111,865,997
Provisions during the year	**29,507,316**	89,674,958
Balance at end of year	**₱231,048,271**	₱201,540,955

7. Property and Equipment

	Land	Leasehold Improvements	Aircraft and Transportation Equipment (Notes 12 and 13)	Gaming Equipment	Office Furniture, Fixtures and Equipment	Network Equipment	Condominium Unit	Right-of-use Asset – office space (see Note 17)	Total
Cost									
December 31, 2018	₱814,000	₱1,372,329,475	₱527,953,626	₱998,531,929	₱682,363,493	₱348,746,971	₱7,146,816	₱619,549,380	₱4,557,435,690
Additions	–	61,079,064	–	84,659,710	42,257,744	203,882	–	252,163,382	440,363,782
Retirement/reclassification	–	–	(10,006,004)	–	–	–	–	–	(10,006,004)
December 31, 2019	814,000	1,433,408,539	517,947,622	1,083,191,639	724,621,237	348,950,853	7,146,816	871,712,762	4,987,793,468
Additions	–	**13,762,277**	–	**19,219,518**	**4,937,242**	–	–	**326,183,585**	**364,102,622**
Reclassification	–	–	–	–	–	–	–	**19,284,318**	**19,284,318**
Disposal	–	–	**(233,299,925)**	–	–	–	–	**(102,866,295)**	**(336,166,220)**
Derecognition	–	**(51,598,723)**	–	**(470,252)**	**(2,339,841)**	–	–	**(27,743,873)**	**(82,152,689)**
December 31, 2020	**814,000**	**1,395,572,093**	**284,647,697**	**1,101,940,905**	**727,218,638**	**348,950,853**	**7,146,816**	**1,086,570,497**	**4,952,861,499**
Accumulated Depreciation and Amortization									
December 31, 2018	–	1,127,770,320	206,939,204	304,928,920	549,814,289	169,033,111	5,696,019	–	2,364,181,863
Depreciation and amortization	–	154,476,178	42,252,211	102,769,209	97,443,036	29,323,230	201,727	237,323,836	663,789,427
Retirement/reclassification	–	–	(4,694,060)	–	–	–	–	–	(4,694,060)
December 31, 2019	–	1,282,246,498	244,497,355	407,698,129	647,257,325	198,356,341	5,897,746	237,323,836	3,023,277,230
Depreciation and amortization	–	**84,294,239**	**38,687,851**	**98,875,985**	**61,378,021**	**27,427,390**	**201,727**	**220,332,029**	**531,197,242**
Lease concession	–	–	–	–	–	–	–	**79,452,376**	**79,452,376**
Reclassification	–	–	–	–	–	–	–	–	–
Disposal	–	–	**(82,924,518)**	–	–	–	–	**(102,866,295)**	**(185,790,813)**
Derecognition	–	**(47,798,475)**	–	**(235,807)**	**(703,612)**	–	–	**(15,081,535)**	**(63,819,429)**
December 31, 2020	–	**1,318,742,262**	**200,260,688**	**506,338,307**	**707,931,734**	**225,783,731**	**6,099,473**	**419,160,411**	**3,384,316,606**
Net Book Value									
December 31, 2019	₱814,000	₱151,162,041	₱273,450,267	₱675,493,510	₱77,363,912	₱150,594,512	₱1,249,070	₱634,388,926	₱1,964,516,238
December 31, 2020	**₱814,000**	**₱76,829,831**	**₱84,387,009**	**₱595,602,598**	**₱19,286,904**	**₱123,167,122**	**₱1,047,343**	**₱667,410,086**	**₱1,568,544,893**

Certain assets under aircraft and transportation equipment with carrying amount of ₱6,213,000 and ₱220,517,886 as at December 31, 2020 and 2019, respectively, are mortgaged to loans (see Note 12).

On December 9, 2020, the Group entered into a Deed of Absolute Sale with Hashcloud, Inc. on the sale of its aircraft for \$2,000,000, which resulted to a loss of ₱52,328,983 presented as "Loss on sale on an asset/investment - net" in the consolidated statements of comprehensive income. As at December 31, 2020, unpaid portion of the purchase price amounted to ₱72,973,163 (see Note 5).

In 2020, the Group entered into several Deed of Absolute Sale for the sale of some of the company cars. Total purchase price amounted to ₱5,270,000. This resulted to a gain of ₱4,894,770 presented as "Loss on sale on an asset/investment - net" in the consolidated statements of comprehensive income.

The Group closed some of its bingo halls as a direct effect on the operations due to the COVID-19 pandemic. The net book value of the related property and equipment of the closed bingo halls was impaired in 2020 amounting to ₱18,333,260 presented under "Impairment loss on non-financial assets" in the consolidated statements of comprehensive income.

8. Investment Properties

	Land	Land Improvements	Building	Right-of-Use Asset	Total
January 1, 2019	₱7,051,496,205	₱16,345,000	₱238,847,222	₱125,628,015	₱7,432,316,442
Additions	17,442,217	98,000	–	–	17,540,217
Amortization of right-of-use assets	–	–	–	(1,709,517)	(1,709,517)
Derecognition (Note 17)	–	–	–	(123,918,498)	(123,918,498)
Unrealized gains (loss) on changes in fair values of investment properties	2,458,640,578	(346,000)	(8,870,222)	–	2,449,424,356
December 31, 2019	9,527,579,000	16,097,000	229,977,000	–	9,773,653,000
Additions	2,127,867	–	–	–	2,127,867
Unrealized gains (loss) on changes in fair values of investment properties	287,731,883	–	(5,417,000)	–	282,314,883
December 31, 2020	**₱9,817,438,750**	**₱16,097,000**	**₱224,560,000**	**₱–**	**₱10,058,095,750**

As at December 31, 2020 and 2019, the estimated fair value of land and land improvements in Boracay amounted to ₱8,729,162,000 and ₱8,516,258,000, respectively. The estimated fair value of the parcels of land in CSEZFP amounted to ₱1,088,374,750 and ₱1,011,419,000 as at December 31, 2020 and 2019, respectively.

Unrealized gains on changes in fair values of investment properties recognized amounted to ₱282,314,883 in 2020, ₱2,449,424,356 in 2019, ₱1,329,408,530 in 2018.

The following table provides the fair value hierarchy of the Group's investment properties as at December 31, 2020 and 2019:

	Fair value Hierarchy	2020	2019
Land	Level 3	**₱9,817,438,750**	₱9,527,579,000
Building	Level 3	**224,560,000**	229,977,000
Land improvements	Level 3	**16,097,000**	16,097,000
		₱10,058,095,750	₱9,773,653,000

The Group's investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraiser.

Valuation Techniques and Significant Unobservable Inputs. The fair values of the investment properties were arrived at using the sales comparison approach for land in Cagayan, market approach for land in Boracay and cost approach for buildings and land improvements.

Sales comparison approach is an approach that considers available market evidences. The aforesaid approach is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. The unobservable inputs to determine the market value of the property are the following: location characteristics, size, improvements and developments, and time element.

Market approach is an approach that considers the value of the land based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The appraiser's comparison was premised on the factors of location, size and shape of the lot, time element, and others.

Cost approach is an approach that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The appraiser particularly used the reproduction cost (New) less depreciation. In the context of the valuation, the depreciation refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration and functional, and economic obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available.

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the investments properties to exceed the recoverable amount.

Rental income and direct costs attributable to rental income on investment properties are as follows:

	2020	2019	2018
Rental income	**₱28,488,339**	₱26,121,174	₱25,416,844
Direct costs	**19,086,373**	10,644,014	24,889,917

Rental income from investment properties are included under "Rent income" account in profit or loss. Direct costs attributable to rental income on investment properties arises from amortization, repairs and maintenance, real property tax and rent expense.

Noncash Investing Activity
The Company has unpaid acquisitions of investment properties amounting to nil and ₱33,369,120 as at December 31, 2020 and 2019, respectively, which are included under "Trade and other payables" account in the consolidated statement of financial position.

9. Investments and Advances, Noncurrent Receivables and Financial Assets at FVOCI

Investments and Advances

	Percentage of Ownership	2020	Percentage of Ownership	2019
Investments				
Associates:				
BLRI				
Preferred shares		**₱20,000,000**		₱20,000,000
Common shares	**30%**	**1,200,000**	30%	1,200,000
Techzone Philippines, Inc. (Techzone)				
Common shares	**0%**	**–**	0%	–
Insular Gaming Corp. (Insular)				
Common shares	**40%**	**199,800**	40%	199,800
		21,399,800		21,399,800
Accumulated equity in net earnings:				
Balance at beginning of year		**948,502**		1,958,976,426
Share in net earnings (loss) of associates		**(713,720)**		91,601,846
Sale of investment in TechZone		**–**		(2,049,629,770)
		234,782		948,502
Balance at end of year		**21,634,582**		22,348,302
Joint Ventures				
HEPI	**51%**	**750,938,000**	51%	750,938,000
Accumulated equity in net income:				
Balance at beginning of year		**449,115,085**		300,107,396
Share in net income (loss) from HEPI		**(102,440,007)**		149,007,689
		346,675,078		449,115,085
Balance at end of year		**1,097,613,078**		1,200,053,085
Advances				
Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC)		**1,025,708,385**		1,017,390,583
Land owners		**35,570,338**		35,570,338
AB Fiber Corp.		**31,696,665**		31,696,665
Eco Leisure		**26,136,049**		26,136,049
Others		**182,728,427**		180,582,152
		1,301,839,864		1,291,375,787
Allowance for impairment losses		**(231,049,464)**		(225,218,314)
		1,070,790,400		1,066,157,473
		2,190,038,060		2,288,558,860
Other investments - at cost		**556,700**		556,700
		₱2,190,594,760		₱2,289,115,560

BLRI. BLRI is a 30%-owned associate of LRWC. BLRI was incorporated in the Philippines and is engaged in the hotel and recreation business. It started commercial operations in August 2003.

On January 31, 2008, a provisional Grant of Authority was received by BLRI from PAGCOR to operate a Bingo Boutique to cover traditional, electronic and new rapid bingo operations and distribution/selling of pull tabs or break-open cards at the Binondo Suites Manila. On October 24, 2008, BLRI's bingo boutique started its commercial operations. In 2010, BLRI ceased its bingo boutique operations and entered into an operating lease agreement with PAGCOR as a lessor for the use of its gaming facilities and to Dragon Enterprises, Inc. for its store space. In 2014, BLRI ceased its hotel operations and entered into an additional operating lease agreement as a lessor with Chinatown Lai Lai Hotel, Inc.

LRWC recognized its share in net loss of BLRI up to the extent of investment cost. Unrecognized accumulated equity in net loss of BLRI amounted to ₱26,409,942, ₱27,065,669 and ₱27,965,303 as at December 31, 2020, 2019 and 2018, respectively. The Group also recognized an allowance on the investment in BLRI amounting to ₱21,200,000 as at December 31, 2020 and 2019.

The summarized financial information of BLRI and the reconciliation of the presented summary of information to the carrying amounts of its interest in an associate are as follows:

	2020	2019
Current assets	**₱29,594,087**	₱29,910,092
Noncurrent assets	**758,080**	14,322,996
Current liabilities	**(154,191,341)**	(170,258,018)
Noncurrent liabilities	**(10,860,633)**	(10,860,633)
Total net liabilities	**(134,699,807)**	(136,885,563)
Investment in preferred shares	**20,000,000**	20,000,000
Equity attributable to common shares	**(154,699,807)**	(156,885,563)
Group's share in net assets	**(46,409,942)**	(47,065,669)
Accumulated recognized share in net losses as at end of year for preferred shares	**20,000,000**	20,000,000
Accumulated unrecognized share in net losses as at end of year	**26,409,942**	27,065,669
Carrying amount of interest in an associate	**₱–**	₱–
Net income/total comprehensive income	**₱2,185,757**	₱2,998,779
Group's unrecognized share of total comprehensive income	**₱655,727**	₱899,634

Techzone. Techzone is a 50%-owned associate of LRLDI. Techzone was incorporated in the Philippines on April 16, 2012 and started its commercial operation on the same date. Techzone is engaged in the acquisition, lease, donation, etc. of real estate of all kinds.

Insular. Insular is a 40%-owned associate of ABLE. Insular was incorporated in the Philippines and is engaged in providing amusement and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games.

The summarized financial information of Insular and the reconciliation of the presented summary of information to the carrying amounts of its interest in an associate are as follows:

	2020	2019
Current assets	**₱24,499,392**	₱7,426,319
Noncurrent assets	**3,163,297**	3,385,510
Current liabilities	**(24,957,108)**	(6,321,949)
Total net assets	**2,705,581**	4,489,880
Carrying amount of interest in an associate	**₱1,082,232**	₱1,795,952
Net income (loss)/total comprehensive income (loss)	**(₱1,784,299)**	₱3,556,516
Group's share of total comprehensive income (loss)	**(₱713,720)**	₱1,422,606

HEPI. HEPI is a 51%-owned joint venture between LRWC and Eco Leisure. HEPI is engaged in the hotel and recreation business. The management, supervision and control of the operations, property and affairs of HEPI are vested in its BOD which consists of three (3) directors each from LRWC and Eco Leisure, and one (1) independent director nominated by both parties. Any decision is subject for approval of LRWC and Eco Leisure, and each party cannot direct decision on their own.

On March 10, 2016, the Amended Articles of Incorporation of HEPI amending Article II Primary Purpose, Article IV extending the term of the corporate existence of HEPI to another fifty (50) years from July 30, 2012.

In view of the continuing community quarantines and restricted travel, HEPI is continuously affected by the lower number of guests and reduced room rates which significantly impacted the Group's share in net losses of HEPI. The Group determined this as an indicator of impairment and accordingly performed impairment assessment for its investment in HEPI. Based on the impairment assessment, the recoverable amount of the investment in HEPI exceeded its carrying amount, thus, no impairment loss was recognized (see Note 3).

The summarized financial information of HEPI and the reconciliation of the presented summary of information to the carrying amounts of its interest in a joint venture are as follows:

	2020	2019
Current assets***	**₱797,088,759**	₱748,731,152
Noncurrent assets	**2,846,738,285**	3,009,414,434
Current liabilities**	**(816,825,542)**	(856,281,907)
Noncurrent liabilities*	**(990,595,582)**	(1,014,649,205)
Total net assets	**1,836,405,920**	1,887,214,474
Other comprehensive income	**(1,302,772,341)**	(1,152,718,137)
Total net assets after adjustment	**533,633,579**	734,496,337
Share in net assets	**272,153,125**	374,593,132
Premium on acquisition	**825,459,953**	825,459,953
Carrying amount of interest in a joint venture	**₱1,097,613,078**	₱1,200,053,085

**Including cash of P15,322,712 in 2020 and P56,285,665 in 2019*

***Including current financial liabilities excluding trade and other payables of ₱193,275,413 in 2020 and P234,166,313 in 2019*

****Including noncurrent financial liabilities of ₱557,010,568 in 2020 and ₱556,948,400 in 2019*

	2020	2019
Revenues	**₱150,377,420**	₱747,101,225
Net income (loss)/total comprehensive income (loss)	**(200,862,759)**	292,171,939
Parent Company's share of total comprehensive income	**₱102,440,007**	149,007,689

Advances to Eco Leisure. The advances is in relation to the joint venture agreement between Eco Leisure and LRWC. The advances are unsecured, noninterest-bearing and due upon demand but not expected to be settled with one year.

The advances to Eco Leisure was fully provided with a valuation allowance amounting to ₱26,136,049 as at December 31, 2020 and 2019.

FCCDCI. FCCDI is a joint venture corporation was formed to engage in the business of information technology such as IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution, premium dial up access, voice over internet protocol, IP-wide area network services and other value-added services. Presently, FCCDCI provides a range of services to Internet Gaming Operators at the CSEZFP for a fee.

FCCDCI commenced its commercial operations on January 1, 2008, thus, since then, FCLRC's statement of income includes 60% equity in net earnings from FCCDCI.

On January 1, 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI with a par and issue value of P1 for a total consideration of P16,400,000 to LRDCSI.

The Group consolidated FCCDCI effective January 1, 2017 following the acquisition of LRDSCI of 20% ownership in FCCDCI. As a result, the Group's ownership interest in FCCDCI increased to P57.81% and total investments in joint ventures amounting to ₱67,858,127 were derecognized. The consolidation of FCCDCI in the Group resulted in recognition of non-controlling interest amounting to ₱39,656,055.

FCCDCI and LRDCSI provide advanced information technology infrastructure services for businesses such as co-location, internet services, connectivity, business continuity and disaster recovery, and managed professional services. Service agreements with the customers are renewable annually, and require a security deposit equivalent to one to two months of current service or recurring fees. The security deposit is forfeited in favor of FCCDCI and LRDCSI in the event the customer pre-terminates the agreement without cause or when FCCDCI and LRDCSI exercise its right to terminate the agreement.

The Group recognized service fees from FCCDCI and LRDCSI amounting to ₱454,587,196 in 2020, ₱621,372,578 in 2019, and ₱658,865,730 in 2018, which is included under "Service and hosting fee" account in the consolidated statement of income. As at December 31, 2020 and 2019, customers' deposits from FCCDCI and LRDCSI included under "Deposits" and "Trade and other Payables" accounts in the consolidated statements of financial position amounted to ₱90,140,162 and ₱97,032,800, respectively.

FCCDCI and LRDSCI have a service agreement for bandwidth and co-location, including hosting and internet connection with IPCDCC. The Group recognized the amount of bandwidth and co-location costs in the consolidated statement of comprehensive income amounting to ₱358,731,166 in 2020, ₱493,383,741 in 2019, and ₱563,002,838 in 2018.

Advances to CPVDC and CLPDC. This account pertains to the noninterest-bearing, demandable advances made by LRLDI to CPVDC and CLPDC to finance the construction and development of the Cagayan Special Economic Zone and Freeport (CSEZFP) Airport in Cagayan. CPVDC is a joint venture formed by CLPDC and Cagayan Economic Zone Authority (CEZA). CPVDC and CLPDC are incorporated in the Philippines.

The agreement among LRLDI, CPVDC and CLPDC provides for the following terms and conditions:

a. 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 amount of ₱700,000,000. CPVDC shall only use the advances to finance its capital expenditures and working capital requirements related to the construction, development of the airport;

b. 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;

c. CLPDC acknowledges and agrees that the advances will be directly received by CPVDC; and

d. 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 was completed in 2014 and was upgraded in 2017. Upon submission of all the requirements needed by the Civil Aviation Authority of the Philippines, the airport received its first commercial flight in March 2018.

As at December 31, 2020, CLPDC and LRLDI have not executed the separate agreement mentioned above. The Group intends to convert the advances into shares of stocks upon consolidation and issuance of land titles.

The advances to CLPDC and CPVDC, including the land transferred to investment properties account and the land committed where the airport was built, is part of the investments committed in the Master Development Plan under the license agreement (see Note 16).

Advances to AB Fiber Corp. On December 8, 2011, the Group entered into an agreement with AB Fiber Corp. for the subscription of 90,000 shares. In relation to this, deposits for future stock subscriptions were made by FCLRC amounting to ₱9,000,000 as at December 31, 2020 and 2019.

Other advances to AB Fiber Corp. amounting to ₱22,696,665 as at December 31, 2020 and 2019 are non-interest bearing, unsecured and are settled upon demand.

Others. The Group recognized additional impairment loss for advances to others amounting to ₱5,831,150 in 2020 and ₱102,881,439 in 2019.

Noncurrent receivables
This account consists of receivables from the following:

	Note	**2020**	2019
TCAMI		**₱531,506,675**	₱558,149,507
BLRI		**124,371,498**	124,371,498
		655,878,173	682,521,005
Less current portion	*5*	**78,453,790**	81,000,000
		₱577,424,383	₱601,521,005

TCAMI. On November 4, 2019, the Group entered in a Deed of Absolute sale with TCAMI (see Note 20) for the sale of the Group's 50% share in TechZone Philippines, Inc. for a total consideration of ₱1,750,000,000 of which ₱1,000,000,000 was paid in cash while the remaining balance of ₱750,000,000 is payable in 10 years with no interest. This transaction resulted to the derecognition of the Group's investment in TechZone and recognition of loss on sale of an investment amounting to ₱741,480,264 in the 2019 consolidated statement of comprehensive income.

In 2019, the receivable from TCAMI of ₱700,000,000, net of current portion amounting ₱50,000,0000, was discounted using risk free rate of 4.63% (see Note 5). As at December 31, 2020 and 2019, the present value of the receivable from TCAMI amounted to ₱502,052,885 and ₱508,149,507 and is shown separately in the 2020 consolidated statement of financial position of the outstanding amount is recorded under "Noncurrent asset" in the consolidated statement of financial position.

In 2020, the Group recognized interest income on receivables from TCAMI amounting to ₱23,357,168 (see Note 19).

BLRI. In 2018, the Group and BLRI entered into a memorandum of agreement for the payment of latter's advances. The agreements provides for, among others, the commitment of BLRI to pay annually an amount of ₱18,000,000 from all rental payments received in a year, until the balance of the advances have been paid off. The Group received payment of nil in 2020 and ₱5,000,000 in 2019.

As at December 31, 2020 and 2019, allowance for ECL amounted to ₱22,078,195 and nil, respectively (see Note 5).

Reclassification. In 2020, the Group reclassified certain advances to receivables based on its terms and conditions. The 2019 balances were reclassified to conform to the 2020 presentation. Such reclassification is not material to the 2019 consolidated financial statements.

FVOCI

In 2014, the Parent Company acquired 1,093,000 shares of DFNN at a cost of ₱7,436,620.

On August 13, 2015, the LRWC's advances to DFNN of ₱86,000,000 have been converted into 18,105,263 common shares of DFNN while the accumulated interest earned of ₱12,690,971, from date of Conversion Notice to the date of conversion, have been converted into 2,671,783 common shares of DFNN on October 30, 2015. The fair value of ₱18,105,263 and ₱2,671,783 common shares as at the date of conversion were ₱5.15 and ₱6.04 per share, respectively.

The conversion resulted to 8.76% equity ownership of LRWC over DFNN. As management does not intend to hold the investment for trading, the total converted amount of ₱98,690,971 has been classified as "financial assets at FVOCI" account in the consolidated statements of financial position as at December 31, 2020 and 2019.

As at December 31, 2020 and 2019, the carrying value of the Group's FVOCI are as follows:

	2020	2019
Balance at beginning of year	**₱106,725,824**	₱168,180,654
Unrealized gain (loss) during the year	**5,904,912**	(61,454,830)
Balance at end of year	**₱112,630,736**	₱106,725,824

The market prices of DFNN common shares as at December 31, 2020 and 2019 is ₱5.15 and ₱4.88, respectively.

10. Business Combination and Goodwill

Goodwill from business acquisitions within the Group are as follows:

	2020	2019
Cost:		
TGXI	**₱598,273,933**	₱598,273,933
ABLE and other bingo units:		
ABLE Parent	**415,723,887**	415,723,887
Topnotch	**163,835,800**	163,835,800
Others*	**145,701,876**	145,701,876
BCGLC	**149,858,702**	149,858,702
FCLRC	**28,673,506**	28,673,506
	1,502,067,704	1,502,067,704
Accumulated impairment loss:		
Balance at beginning of year	**8,183,009**	–
Provision for impairment loss	**164,792,402**	8,183,009
	172,975,411	8,183,009
Balance at end of year	**₱1,329,092,293**	₱1,493,884,695

**Various bingo entities which the goodwill is individually insignificant.*

The Group recognized an allowance for impairment loss on the goodwill of its several bingo units amounting to ₱164,792,402 in 2020 and ₱8,183,009 in 2019.

The goodwill from the acquisitions have been subjected to the annual impairment review in 2020 and 2019. The recoverable amounts of the operations is based on VIU calculation using the cash flow projections approved by management. The cash flow projections cover five years from the date of impairment review.

The recoverable amount of goodwill from the acquisitions of the bingo units was determined based on VIU calculations using actual past results and observable market data such as growth rates, among others. The onset of the COVID-19 pandemic has heavily impacted the bingo operations of the Group, with this, the computed carrying amount of the goodwill and cash generating unit to which the goodwill to relates exceeded its recoverable amount.

11. Other Noncurrent Assets

	Note	2020	2019
Rental deposits	*17*	**₱442,854,472**	₱432,823,436
Cash performance bonds	*15*	**306,450,000**	298,950,000
Cash in bank - restricted	*12*	**91,313,591**	69,092,789
Premium on group pension plan		**42,336,018**	42,336,018
Airstrip improvements - net	*16*	**27,907,520**	31,000,512
Performance cash deposits and betting credit funds		**32,450,000**	32,450,000
Input VAT		**39,470,009**	30,898,771

(Forward)

	Note	2020	2019
Lease rights		-	18,998,422
Utility and construction bond		**₱5,240,206**	₱4,153,613
Others		**70,520,967**	77,153,613
		1,058,542,783	1,037,857,174
Allowance for non-recoverable input VAT		**(12,633,787)**	(10,797,997)
Allowance for non-recoverable CWT		**(31,641,290)**	(28,018,009)
		₱1,014,267,706	₱999,041,168

Cash Performance Bonds

Cash performance bonds pertain to surety bonds deposited with PAGCOR which are refundable at the end of the period covered by the License (see Note 15).

Airstrip Improvements

Cost	**₱103,099,734**
Accumulated Depreciation	
January 1, 2019	69,006,230
Depreciation	3,092,992
December 31, 2019	72,099,222
Depreciation	3,092,992
December 31, 2020	**75,192,214**
Carrying Amount	
December 31, 2019	₱31,000,512
December 31, 2020	**₱27,907,520**

Performance Cash Deposits and Betting Credit Funds

PAGCOR granted TGXI the privilege to establish, install, maintain, and operate PeGS. For each PeGS, TGXI has a performance cash deposits with PAGCOR amounting to ₱100,000 and maintains betting credit funds amounting to ₱100,000. Performance cash deposits and betting credit funds are posted through Philweb Corporation (Philweb).

As at December 31, 2020 and 2019, performance cash deposits and betting credit funds amounting to ₱32,450,000 are reimbursable to Inter-active Entertainment Solutions Technology (IEST), one of TGXI's existing service provider.

Others

Others consist of land held for contribution and creditable withholding tax. Land held for contribution pertains to parcels of land named to the Group where the CZEZFP Airport in Cagayan will be built. The Group intends to convert its advances to CLPDC which it will eventually contribute the parcels of land to CPVDC.

In 2020, the Group recognized impairment on input VAT and CWT amounting to ₱1,835,790 and ₱3,623,281, respectively. In 2019, the Group recognized impairment on input VAT and CWT amounting to ₱10,797,997 and ₱28,018,009, respectively.

12. Loans Payable

Entity	Note	Lender	Year	Short Term Loan	Long Term Loan		Interest	Maturity
					Current Portion	Noncurrent Portion		
AB Leisure Global, Inc. (ABLGI)	a	**BDO**	**2020**	**₱–**	**₱–**	**₱2,228,663,172**	**3.90%**	**November 2017 – January 2023**
			2019	–	–	2,467,530,914	5.75%	November 2017 – November 2022
Leisure and Resorts World Corporation (LRWC)	b, c	**AUB**	**2020**	**139,000,000**	**149,066,380**	**–**	**6.58%**	**February 2019 - November 2021**
			2019	140,500,000	142,396,435	37,266,595	6.25%	February 2019 - February 2021
First Cagayan Leisure and Resort Corporation (FCLRC)	d	**BDO**	**2020**	**–**	**–**	**–**	**–**	
			2019	–	35,088,186		6.00%	September 2015 – November 2020
AB Leisure Exponent, Inc. (ABLE)	e	**UBP**	**2020**	**–**	**–**	**–**	**–**	
			2019	–	350,203	–	8.11%	August 2017 – August 2020
	e, f	**BDO**	**2020**	**324,012,500**	**–**	**–**	**5.25%**	**January 2020 - January 2021**
			2019	303,392,480	481,040	–	6.50%	August 2017 – October 2020
	e	**AUB**	**2020**	**–**	**583,838**	**–**	**8.75%**	**May 2018 – August 2021**
			2019	–	2,278,561	1,487,167	8.75%	May 2018 – August 2021
	f	**UCPB**	**2020**	**450,000,000**	**–**	**–**	**7.00%**	**December 2019 – January 2021**
			2019	450,000,000	–	–	7.50%	December 2019 – June 2020

(Forward)

Entity	Note	Lender	Year	Short Term Loan	Long Term Loan		Interest	Maturity
					Current Portion	Noncurrent Portion		
Blue Chip Gaming Leisure Corporation (BCGLC)	g	**AUB**	**2020**	**₱–**	**₱158,263,836**	**₱130,791,735**	**6.58%**	**February 2019 – January 2022**
			2019	–	135,503,427	170,357,584	8.42%	February 2019 – January 2022
	h	**UBP**	**2020**	**–**	**–**	**–**	**–**	
			2019	–	840,873	–	8.11%	August 2017 – July 2020
	h	**BDO**	**2020**	**–**	**–**	**–**	**–**	
			2019	–	551,017	–	8.60%	July 2017 – June 2020
First Cagayan Converge Data Center (FCCDCI)	i	**AUB**	**2020**	**–**	**146,427**	**–**	**8.50%**	**February 2018 – January 2021**
			2019	–	1,679,536	146,427	8.50%	February 2018 – January 2021
LR Land Developers, Inc. (LRLDI)	j	**Classic Finance**	**2020**	**70,000,000**	**–**	**–**	**8.00%**	**March 2020 - March 2021**
			2019	–	–	–	–	
	k	**Chip Leader**	**2020**	**–**	**160,076,651**	**320,153,349**	**10.00%**	**March 2020 - March 2023**
			2019	–	–	–	–	
TOTAL			**2020**	**₱983,012,500**	**₱468,137,132**	**₱2,679,608,256**		
			2019	₱893,892,480	₱319,169,278	₱2,676,788,687		

a. On November 29, 2017, ABLGI executed an Omnibus Loan and Security Agreement (OLSA) with BDO to partially finance the equity investment which GL-JV has undertaken to use for the purpose of acquiring land in Boracay. The loan amounted to ₱2,500,000,000, which is payable in full on the final repayment date in November 2022. Interest rate approximates 5.66% per annum and is subject to change depending on the higher of (a) three (3) month Philippine Dealing System Treasury Reference Rate (PDST-R2) plus applicable spread of 2.5% divided by 0.95 or (b) 28-day Time Deposit Facility Rate plus applicable spread of 1% divided by 0.95. Interest is payable on a quarterly basis.

   Among the provisions of the agreement, ABLGI is mandated to establish two bank accounts, a DSRA and a Debt Service Payment Account (DSPA). Both accounts are to be maintained at a certain level of funding to facilitate ABLGI's loan and interest payments to BDO. In the event that funding in the DSPA is insufficient to cover payments of interest, BDO is authorized to directly debit the DSRA to maintain the required funding level. ABLGI is required to pay a front-end fee equivalent to zero point seventy-five percent (0.75%) of the total amount of loan. Transaction costs that are directly attributable on the issuance of loan amounted to ₱44,024,948 which were amortized over the life of the loan.

   As December 31, 2020 and 2019, the unamortized amount of transaction costs are as follows:

	2020	2019
Balance at beginning of year	**₱32,469,086**	₱43,601,344
Amortization during the year (see Note 19)	**(11,132,258)**	(11,132,258)
Balance at end of year	**₱21,336,828**	₱32,469,086

   Amortization of transaction costs is recognized under finance expense in the consolidated statement of comprehensive income (see Note 19). ABLGI partially repaid ₱250,000,000 of the loan in January 2020. Outstanding balance of the loan as at December 31, 2020 and 2019 amounted to ₱2,228,663,172 and ₱2,467,530,914, respectively.

   In consideration of the commitment of BDO to fund the ABLGI's equity investment, ABLGI, GL-JV, ABLAHI and ABLHPC has assigned to BDO its respective rights, titles and interest to all monies standing in the DSRA and DSPA, and other bank accounts created for this particular purpose, project receivables (collectively termed as "Assigned Collaterals"), as well as the proceeds, products, fruits of the aforementioned Assigned Collaterals. The Group has classified its cash included under the DSRA and DSPA as "Cash in bank - restricted" account under other noncurrent assets in the consolidated statements of financial position amounting to ₱74,554,432 and ₱52,385,126 in 2020 and 2019, respectively (see Note 11).

   As a part of the loan agreement with BDO, ABLGI is required to comply with affirmative financial ratios of debt-to-equity ratio of 2:1. The Group is in compliance with the debt-to-equity covenant as at December 31, 2020 and 2019.

   In addition, the loan is guaranteed by the following entities, (1) GL-JV, (2) ABLAHI, (3) ABLHPC, (4) LRWC, (5) ABLE, (6) TGXI, (7) PIKI, (8) BCGLC and (9) FCLRC.

The loan is likewise secured by project agreements, chattels and real assets owned by either one of the parties to the agreement. Mortgaged properties and mortgaged shares are as follows:

Mortgaged Properties	*Note*	Carrying Amount
Land	*8*	₱8,729,064,000
Investment property	*8*	135,994,000
		₱8,865,058,000

Mortgaged Shares	Shareholder	No of Shares	Carrying Amount
GL-JV	ABLHPC	5,000,000	₱500,000,000
ABLHPC	ABLAHI	3,750,000	375,000,000
GBLHI	ABLGI	3,000,000	300,000,000
TGXI	LRWC	930,000	93,000,000
			₱1,268,000,000

On December 3, 2020, BDO granted an extension period of 60 days on the maturity date of the loan under the "Bayanihan to Recover As One Act". Revised maturity date of the loan is on January 30, 2023.

b. In July 2014, LRWC entered into a short-term loan facility with Asia United Bank (AUB) to facilitate the financing of the acquisition of TGXI. The maximum loanable amount is ₱650,000,000 which can be availed in a single or multiple release upon request and submission of a promissory note to the bank. This is payable up to 180 days from the date of release of proceeds and secured by a chattel mortgage over LRWC's shares of stocks held by ABLE and stockholders amounting to ₱149,449,926. The fair value of the mortgaged shares of stocks amounted to ₱183,803,520 and ₱229,754,400 as at December 31, 2020 and 2019, respectively.

   In 2015, LRWC converted this into a term-loan amounting to ₱650,000,000. The loan is payable in 60 equal consecutive monthly installments on its respective repayment dates beginning June 12, 2015 until May 12, 2020. Annual interest rate is approximately 6.18%.

   On February 1, 2019, the LRWC entered into a Restructuring Agreement with AUB to extend the maturity period of its long-term loan and a part of its short-term loans.

   The restructured loan shall be repaid quarterly until fully paid, without the need of demand. Interest shall be likewise paid on a quarterly basis as the principal on the higher of (i) the sum of 3-day average of 1-year PHP BVAL Reference Rate as at February 1, 2019, plus a spread of 2% per annum; or (ii) 8% floor rate subject to annual repricing. The restructured loan is secured by the continuing suretyship by ABLE and TGXI.

   As a part of the loan agreement with AUB, the Group is required to comply with affirmative financial ratios such as debt-to-equity and debt service coverage ratio. The loan is secured by shares of stocks of the Parent Company issued to stockholders.

   As at December 31, 2020, the Group is in compliance with the debt-to-equity covenant but have breached the debt service coverage ratio as required in the loan agreement. With this breach of the debt service coverage ratio covenant, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of ₱149,066,380. The outstanding balance is presented as a current liability as at December 31, 2020.

As at May 30, 2021, management obtained the approval of AUB for the restructuring of the loan agreement which extended the maturity date to November 2022.

c. In May 2015, LRWC entered into various credit line facilities with AUB which are intended for general working capital requirements and financing future expansions. The credit line amounted to ₱350,000,000 which can be availed in multiple releases. As at December 31, 2020 and 2019, outstanding balance is ₱139,000,000 and ₱140,500,000, respectively.

d. In 2015, FCLRC entered into two loan agreements with BDO for the purchase of two (2) aircraft. The loans were secured by the aircrafts as chattel mortgage.

   The first financing agreement amounted to ₱133,163,975 payable in 60 monthly installments beginning December 6, 2015 to November 6, 2020. Annual interest rates approximate 6% which are subject to change depending on the prevailing cost of money or effective value of the purchasing power of the Philippine peso.

   The second financing agreement amounted to ₱50,132,320 payable in 60 monthly installments beginning September 25, 2015 to August 25, 2020. Annual interest rate is approximately 6%, which is subject to change depending on the prevailing cost of money or effective value of the purchasing power of the Philippine peso.

   The two loan agreements with BDO for the purchase of two (2) aircraft were fully paid in 2020. Moreover, both aircraft were sold also in 2020 for $2,000,000 with the equivalent amount of ₱96,140,000 (see Note 7).

e. In 2016, ABLE entered into long-term loan agreements with Unionbank of the Philippines (Unionbank) and BDO for the purchase of transportation equipment amounting to ₱18,987,600. The loans are secured by the transportation equipment as chattel mortgage.

   In 2018, ABLE entered into long-term agreements with AUB for the purchase of transportation equipment amounting to ₱6,671,200. The carrying amounts of transportation equipment amounted to ₱4,046,333 and ₱4,879,333 as at December 31, 2020 and 2019, respectively.

   The long-term agreements with Unionbank and BDO were fully paid in 2020.

f. Short-term loans of ABLE have maturity dates of up to January 2021. The short-term loans are from the credit facility with BDO and UCPB. The loans from BDO are secured by LRWC's shares of stock owned by an individual stockholder of LRWC. The loan from UCPB is unsecured. The interest rates of short-term loans are 5.25% and 6.50% for BDO, and 7% and 7.50% for UCPB as at December 31, 2020 and 2019, respectively.

   As at December 31, 2020 and 2019, the carrying amount of LRWC's shares of stock held by an individual stockholder used as collateral for the loan from BDO amounted to ₱67,458,323. The fair value of the collateral amounted to ₱129,519,980 and ₱197,657,025 as at December 31, 2020 and 2019, respectively.

   The covenant requires ABLE and its sureties to provide BDO with the required documents within the period prescribed by BDO, particularly copies of their income tax return or audited financial statements within 120 days from the end of their fiscal year.

g. In December 2017, BCGLC obtained a long-term loan facility from AUB to partially finance its capital expenditures and to pay advances from related parties used for expansion projects. The maximum loanable amount is ₱500,000,000 available in lump sum or staggered releases. The loan is payable in thirty-six (36) equal monthly payments based on initial drawdown. Annual interest rate is the higher of (a) the sum of one-year PDST-R2 plus a spread of 3.0% or (b) 5.875% floor rate, subject to annual repricing. Interest is payable monthly based on the carrying amount of the loan. The loan is secured by (a) Comprehensive Surety Agreement by the Parent Company, (b) 60% ownership in BCGLC's shares of stocks, (c) Assignment of accounts wherein BCGLC is mandated to establish two bank accounts, Revenues, Proceeds, and Disbursement Account (RPDA) and DSRA. The RPDA is established to accommodate the revenues, proceeds and disbursement related to the loan availed. The DSRA is to be maintained at a certain level of funding equivalent to one (1) month of amortization. BCGLC has no financial covenants to maintain.

   Initial drawdown was made in December 2017 amounting to ₱350,000,000. Additional drawdown with the remaining loanable amounting to ₱150,000,000 was made in April 2018.

   Cash in the DSRA is classified as "Cash in bank - restricted" account under other noncurrent assets in the consolidated statements of financial position amounted to ₱16,759,159 and ₱16,707,663 as at December 31, 2020 and 2019 (see Note 11).

   On February 1, 2019, the BCGLGC entered into restructuring agreement with AUB for the extension of the maturity period of the loans subject to amendment of the terms of principal repayment an interest payment, which will be repaid quarterly.

   On May 27, 2021, management obtained the approval of AUB for the restructuring of the loan agreement which modifies the principal installment payments to have a balloon payment upon maturity but retains the original maturity dates.

h. In 2017, BCGLC entered into auto loan agreements with chattel mortgage with Unionbank and BDO for the purchase of service vehicles. The loans amounted to ₱6,421,600 payable in 36 monthly installments beginning July 2017 until 2020. The carrying amount of the vehicles amounted to ₱2,879,343 and ₱4,243,751 as at December 31, 2020 and 2019, respectively.

   The loan agreements with Unionbank and BDO were fully paid in 2020.

i. In 2018, FCCDCI entered into auto loan agreements with chattel mortgage with AUB for the purchase of service vehicles. The loans amounted to ₱4,706,400 payable in 36 monthly installments beginning January 2018 until 2021. The carrying amount of vehicles amounted to ₱2,166,667 and ₱3,166,667 as at December 31, 2020 and 2019, respectively.

j. In March 2020, LRLDI entered into a short-term loan agreement with a local finance company, namely Classic Finance, Inc. (CFI) for working capital requirements. The loan amounting to ₱70,000,000 shall be payable in one year. Annual interest is at 8% subject to change depending on the prevailing financial and monetary conditions. In consideration of the loan, LRLDI assigned its receivable due from TCAMI and pledged 20,777,047 shares of stock of DFNN, which is owned by LRWC, for a total amount of ₱112,630,736

In 2021, CFI has not requested early payment of the loan and provided LRLDI an extension for the first principal payment for an additional twelve months from its original due date of April 2021.

k. In February 2020, LRLDI entered into a loan agreement with Chip Leader Holdings Corporation (CLHC) to finance its operational and capital expenses. The loan amounting to $10,000,000 shall be payable on March 2023. Annual interest rate is at 12% subject to change depending on the prevailing financial and monetary conditions.

   The loan is likewise secured by real assets owned by LRLDI. Mortgaged properties are as follows:

Mortgaged Properties	*Note*	Carrying Amount
Barangay Lal-lo, Cagayan		₱852,029,750
Barangay Rapuli, Cagayan		178,509,000
Tangatan, Cagayan		39,861,000
	8	₱1,070,399,750

   As at May 30, 2021, CLHC has not requested early payment of the loan and provided LRLDI an extension for the first principal payment for an additional twelve months from its original due date of March 1, 2021.

Interest expense on loans payable recognized in profit or loss amounted to ₱254,712,334 in 2020, ₱436,612,672 in 2019, and ₱422,773,300 in 2018 (see Note 19).

The reconciliation of movements of liabilities to cash flows arising from financing liabilities are as follows:

	January 1, 2020	**Cash Flows**	**Noncash Changes**	**December 31, 2020**
Short term loans	**₱893,892,480**	**₱89,120,020**	**₱–**	**₱983,012,500**
Long term loans	**2,995,957,965**	**165,375,165**	**(13,587,742)**	**3,147,745,388**
Lease liabilities (see Note 17)	**781,776,527**	**(246,997,216)**	**281,062,001**	**815,841,312**
Total liabilities from financing activities	**₱4,671,626,972**	**₱7,497,969**	**₱267,474,259**	**₱4,946,599,200**

	January 1, 2019	Cash Flows	Noncash Changes	December 31, 2019
Short term loans	₱2,354,478,420	(₱1,460,585,940)	₱–	₱893,892,480
Long term loans	3,697,260,398	(701,302,433)	–	2,995,957,965
Lease liabilities (see Note 17)	747,967,120	(268,395,972)	302,205,379	781,776,527
Total liabilities from financing activities	₱6,799,705,938	(₱2,430,284,345)	₱302,205,379	₱4,671,626,972

Interest paid amounted to ₱233,485,505 in 2020 and ₱498,952,982 in 2019.

13. Trade and Other Payables

	Note	2020	2019
Payable to:			
Suppliers		**₱469,608,758**	₱322,759,346
CEZA	*16*	**100,747,546**	73,171,343
PAGCOR	*15*	**60,964,765**	151,475,976
Government agencies		**20,719,116**	138,630,807
Rent payable		**116,583,547**	49,215,887
Finder's fee		**31,352,790**	31,352,790
Contract liabilities	*16*	**28,842,658**	1,003,793
Output VAT		**248,645**	3,191,249
Accrued expenses and other payables:			
Payable to machine owners		**481,366,658**	558,062,495
Dividends payable	*14*	**175,387,309**	248,444,725
Contracted services		**142,679,050**	173,257,984
Payable to site owner		**60,064,319**	70,245,027
Interest payable		**56,857,915**	46,763,344
Salaries, wages and benefits		**43,006,763**	52,640,305
Professional fees		**15,618,022**	7,354,828
Utilities		**11,014,362**	7,701,372
Customer deposit		**6,125,534**	11,235,392
Others		**45,980,627**	33,385,594
		₱1,867,168,384	₱1,979,892,257

Payable to suppliers pertains to various supplies expense in relation to the Company's bingo operations. These are normally settled within one year.

Payable to PAGCOR includes franchise fees that are remitted twice weekly.

Payable to government agencies pertain to payments for final withholding taxes and other regulatory agencies that are expected to be settled with one year.

Payable to machine owners pertains to owners' share for the use of bingo machines and are payable on a 30-day credit terms.

14. Equity

The composition of the Group's capital stock is as follows:

	2020		2019	
	Amount	**Number of Shares**	Amount	Number of Shares
CAPITAL STOCK				
Authorized:				
Common shares – P1 par value	**₱2,500,000,000**	**2,500,000,000**	₱2,500,000,000	2,500,000,000
Balance at beginning of year	**₱2,417,500,000**	**2,417,500,000**	₱1,199,852,512	1,199,852,512
Issued during the year	–	–	1,217,647,488	1,217,647,488
Balance at end of year	**₱2,417,500,000**	**2,417,500,000**	₱2,417,500,000	2,417,500,000
Authorized:				
Preferred shares – P1 par value	**₱2,500,000,000**	**2,500,000,000**	₱2,500,000,000	2,500,000,000
Balance at beginning and end of year	**₱1,650,000,000**	**1,650,000,000**	₱1,650,000,000	1,650,000,000

Increase in Authorized Capital Stock
On June 18, 2013, the SEC approved the increase in the Parent Company's authorized capital stock from ₱1,600,000,000 to ₱5,000,000,000 divided into 2,500,000,000 common shares and 2,500,000,000 preferred shares with each class having a par value of ₱1 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 as may be fixed by the BOD at their issuance.

Registration of Securities under the Securities Regulation Commission
Pursuant to the registration statement rendered effective by the SEC on February 6, 1958 and permit to sell issued by the SEC dated February 6, 1958 - 15,000,000 common shares of LRWC were registered and may be offered for sale at an offer price of ₱1.33 per common share. As at December 31, 2020 and 2019, the Parent Company has issued and outstanding common shares totaling 2,417,500,000. In 2020 and 2019, the Parent Company has 1,822 and 1,823 common stockholders, respectively.

On January 22, 2013, the BOD of LRWC authorized the issuance, through a private placement, of 1,750,000,000 shares from its unissued preferred shares. On March 22, 2013, the stockholders of LRWC approved the said issuance. In May 2013, 1,650,000,000 shares were subscribed at ₱1 per share by virtue of the subscription agreements entered by LRWC with investors which was subsequently collected in July 2013.

The preferred shares have a coupon rate of 8.5% per annum and are paid semi-annually. These preferred shares are cumulative, non-voting and non-participating. Twenty (20) preferred shares will entitle each investor to one warrant. Each warrant, if exercised at a price of ₱15 or the average weighted trading price for the three months prior (whichever is lower) will be converted to one common share. This option will be exercisable starting on the fifth year until the eighth year.

On January 11, 2019, the Group called for a Special Stockholders' Meeting for the approval of the issuance of up to 1,300,147,488 common shares from the unissued capital stock through a private placement at a price based on a premium over the LRWC's shares closing price on November 29, 2018.

The BOD approved and ratified the issuance and subscription of its 1,300,147,488 common shares at an issue price of ₱3.60 on the same date.

In March and April 2019, 1,217,647,488 common shares were subscribed at ₱3.60 per share by virtue of the subscription agreements entered into by LRWC with its investors. The proceeds from the issuance of will be used to refinance LRWC's existing obligations, for expansion programs and working capital requirements. Transactions costs related to the share issuance amounting to ₱16,603,840 are recognized as deduction to additional paid-in capital.

Listing of Preferred Shares and Warrants
On June 10, 2013, the BOD of LRWC approved the listing of 1,650,000,000 newly issued preferred shares and 82,500,000 warrants. The said listing was completed in December 2013.

On December 5, 2013, the BOD approved to change the expiry date of the warrants issued by the Parent Company to September 2021.

As at December 31, 2019, the Parent Company has a total of 1,650,000,000 shares issues and outstanding preferred shares with three (3) stockholders.

On January 31, 2020, the Parent Company redeemed all of its 1,650,000,000 preferred shares at ₱1.00 per share. 36,500,000 of these shares were previously held by ABLE and the remaining 1,613,500,000 were held by third parties. The redeemed preferred shares are not cancelled, thus, accounted and presented as treasury shares in the consolidated statement of changes in equity.

Declaration of Cash Dividends
Cash dividends declared by the BOD to preferred stockholders of the Parent Company in 2019 are as follows:

Date of Declaration	Date of Record	Amount	Amount Per Share
October 24, 2019	December 31, 2019	₱77,715,000	₱0.0471
July 19, 2019	August 2, 2019	155,430,000	0.0942

There were no cash dividends declared by the BOD to common stockholders of the Parent Company in 2020 and 2019.

As at December 31, 2020 and 2019, unpaid dividends, included under "Trade and other payables" account in the consolidated statements of financial position, amounted to ₱175,387,309 and ₱248,444,725, respectively (see Note 13).

Acquisition of LRWC Shares by ABLE
On July 29, 2013, LRWC erroneously disclosed a cash dividend of ₱0.40 instead of ₱0.04 as approved by the BOD of LRWC. As a result, the PSE suspended trading of LRWC's shares for three days pending resolution of the problem. As a sign of good faith, LRWC through ABLE offered to buy-back and sell-back to those who traded their shares on the same day the error was made. ABLE bought 1,959,700 shares of LRWC at a total cost of ₱15,949,947 and sold at cost 125,500 shares amounting to ₱1,015,330.

On June 27, 2013, the BOD of ABLE approved the subscription to the preferred shares of LRWC in the total amount of ₱200,000,000 and authorized the Philippine Business Bank as the investment manager. In December 2013, ABLE sold the ₱163,500,000 worth of preferred shares.

ABLE acquired additional 245,000 common shares of LRWC at cost amounting to ₱21,005,929 in 2018.

As at December 31, 2020 and 2019, ABLE has a total of 25,892,100 and 24,067,100 common shares of LRWC, respectively. Details of treasury shares are as follows:

	2020	2019
Balance at beginning of year	**₱90,411,278**	₱90,411,278
Redemption of preferred shares*	**1,613,500,000**	–
Acquisitions during the year	**39,227**	–
Balance at end of year	**₱1,703,950,505**	₱90,411,278

*excludes the ₱36,500,000 preferred shares held by ABLE as this has already been accounted for treasury shares since its acquisition.

LRWC declared dividends to preferred stockholders of the Group. In 2020 and 2019, ABLE received dividends amounting to nil and ₱3,092,586, respectively, which are eliminated in the consolidated financial statements.

15. Gaming Licenses to Operate Bingo Games

a. Operation of Traditional Bingo Games

PAGCOR awarded ABLE and its subsidiaries the authority to operate and conduct traditional bingo games, as well as the betting aspect thereof, within the confines of the game sites. The Licenses for various periods ranging from September 2020 to September 2023 are subject to renewal after one (1) to (2) two years upon mutual agreement of both parties.

ABLE and its subsidiaries pay PAGCOR 15% of its gross bingo card sales as franchise fee.

Revenue from traditional bingo games amounted to ₱423,795,592 in 2020, ₱2,216,155,056 in 2019, and ₱2,106,084,940 in 2018.

As at December 31, 2020 and 2019, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totalling ₱44,250,000, to ensure due observance of and faithful compliance with the terms and conditions of the License (see Note 11).

b. Operation of Electronic Bingo Games

PAGCOR awarded ABLE and its subsidiaries the authority to operate and conduct electronic bingo games, as well as the betting aspect thereof, within the confines of the game sites. The Licenses for various periods ranging from February 2017 to December 2023 are subject to renewal after one (1) to (2) two years upon mutual agreement of both parties.

ABLE and its subsidiaries pay PAGCOR 50% of its revenue less payouts as franchise fee.

Revenue from electronic bingo games amounted to ₱1,745,675,813 in 2020, ₱5,289,230,260 in 2019, and ₱4,754,906,261 in 2018.

As at December 31, 2020 and 2019, ABLE and its subsidiaries deposited cash performance bonds with PAGCOR totalling ₱261,300,000 and ₱253,800,000, respectively, to ensure due observance of and faithful compliance with the terms and conditions of the License (see Note 11).

c. Operation of New Rapid Bingo System (NRBS)

On September 27, 2005, PAGCOR granted ABLE the authority to operate and conduct rapid bingo games, subject to the approved terms and conditions of NRBS operations and the use of the prescribed NRBS card format. ABLE pays PAGCOR 15% of its gross sales (total amount wagered or bets) from the NRBS operations, which shall be remitted twice weekly.

Revenue from rapid bingo amounted to ₱85,867,120 in 2020, ₱284,212,205 in 2019, and ₱230,386,430 in 2018.

As at December 31, 2020 and 2019, ABLE deposited cash performance bonds amounting to ₱900,000, with PAGCOR to ensure due observance of and faithful compliance with the terms and conditions of the License (see Note 11).

d. Distribution and Sale of Pull-tabs or Break-open Cards

On August 3, 2005, PAGCOR granted ABLE the authority to distribute and sell pull-tabs or break-open cards in all of the branches of ABLE and its subsidiaries. In consideration of the Grant, ABLE shall pay PAGCOR 15% of gross card price which shall be remitted to PAGCOR by ABLE upon draw-down of cards from the supplier, regardless of quantity of cards sold.

Revenue from distribution of sale of pull-tabs or break-open cards amounted to ₱6,844,580 in 2020, ₱19,009,330 in 2019, and ₱20,111,861 in 2018.

Franchise fees included in "Franchise fees and taxes" account in the consolidated statement of comprehensive income amounted to ₱1,527,622,311 in 2020, ₱4,625,303,082 in 2019, and ₱4,429,428,116 in 2018.

16. **License Agreement**

CEZA is authorized under Section 6f of R.A 7922, "An Act Establishing a Special Economic Zone and Free Port in the Municipality of Santa Ana and the Neighboring Islands in the Municipality of Aparri, Province of Cagayan, Providing Funds Therefore, and for Other Purposes", to operate on its own, either directly or through a subsidiary entity, or license to others, tourism-related activities, including games, amusements, recreational and sport facilities, such as horse racing, gambling casinos, golf courses, and others, under priorities and standards set by CEZA in CSEZFP.

On February 2, 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 with 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 for the following:

1. Appointment of FCLRC 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. FCLRC is authorized to assist CEZA in its functions as a regulator for interactive gaming activities on behalf of CEZA in accordance with Part 5 of CSEZFP Interactive Gaming Rules and Regulations;

3. The authorization of FCLRC as Master Licensor shall be exclusive for twenty-five years starting from November 7, 2006 or until 2031;

4. FCLRC is authorized to collect a sub-license fee of two percent of the gross winnings from the internet casino, in accordance with an agreed formula. Also, FCLRC is authorized to collect from sub-licenses an annual fixed amount for the first year of operations and thereafter, from sportsbook operators. The amount collected is recognized by FCLRC as unearned fees and recognized the revenue. Unearned fees included under "Trade and other payables" account in the consolidated statements of financial position amounted to ₱28,842,658 and ₱1,003,793 as at December 31, 2020 and 2019, respectively (see Note 13); and

5. FCLRC must pay CEZA, on a monthly basis to commence upon the start of actual operations of FCLRC, an amount equivalent to one percent (1%) 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 FCLRC's operation, FCLRC shall pay a minimum guaranteed amount of $250. Unpaid CEZA fees are charged with interest of 12% per annum. CEZA fees included in "Franchise fees and taxes" account in the profit or loss amounted to ₱174,155,849, ₱222,292,921, and ₱199,875,763 in 2020, 2019 and 2018, respectively. Interest expense on unpaid CEZA fees recognized in the consolidated statement of comprehensive income amounted to nil in 2020, ₱6,828,032 in 2019, and ₱5,403,043 in 2018 (see Note 19). The Group's revenues from FCLRC's service and hosting fees amounted to ₱345,862,748 in 2020, ₱434,004,338 in 2019, and ₱395,499,397 in 2018.

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 five percent (5%) of locators' gross income less allowable deductions. FCLRC's gross income tax amounted to ₱8,852,199 in 2020, ₱10,385,407, in 2019, and ₱9,071,403 in 2018 (see Note 21).

FCLRC proposed a Master Development Plan in keeping its authority under the license agreement. The Master Development Plan proposed by FCLRC 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 envisaged by FCLRC shall comprise of the three (3) phases with time frame of completion as follows:

- Phase I supposedly completed in 2009 after authorization of the CEZA BOD which 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 1 was completed in January 2011.

  In August 2007, FCLRC and CEZA entered into an agreement with A.G. Pazon & Associates and CAMJ Construction Corporation, both third parties, to start the development of the Cagayan Business Park (CBP), part of Phase I of the Master Development Plan. The proposed CBP has a total lot area development of 90,005 square meters. The site development plan includes the construction of buildings with a total floor area of 2,400 square meters. The project also includes the construction of an administration building, commercial center, cable center, sub-station and parking spaces. It also includes the installation of an underground power/communication cabling system and an overhead water tank. The development of the CBP was completed in January 2011.

  Another infrastructure required in Phase I of the Master Development Plan is the rehabilitation of the San Vicente Naval Airport (the Airport). On September 1, 2006, FCLRC entered into a contract for the airstrip rehabilitation with the same contractors for the CBP to undertake the expansion, paving and overlaying of the runway of the airport and the provision of basic airport amenities. The rehabilitation of the San Vicente Naval Airport was completed on December 8, 2006 (see Note 11).

  As an initial project to establish the internet and telecommunication infrastructure, FCLRC entered into an Agreement with IPCDCC on March 1, 2007, incorporating FCCDCI. The parties shall infuse the necessary capital to fund the required infrastructure requirements of the Master Development Plan.

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

- Phase III shall be completed three (3) years after completion of Phase II and 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.

On September 15, 2006, the parties have extended the term of the license agreement from two (2) years to twenty-five (25) years from the date of approval by the CEZA BOD of the Master Development Plan. The 25 years extension of the authority of FCLRC as Master Licensor commenced on November 7, 2006 and will end on November 7, 2031.

On December 11, 2008 the parties have agreed to extend the deadline of FCLRC's payment of CEZA's share on the sub-licensee fee from "7th day of the following month" to "27th day of the following month", and to reduce the interest rate for the delay in remittance of the said CEZA's share from 18% to 12% per annum.

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following:

- CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming;

- CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements;

- To protect FCLRC's interest and investment as the pioneer Licensor, CEZA effectively restricted itself from directly issuing Gaming Licenses to FCLRC's current and previous licensees; and

- All applicants for gaming licenses from CEZA shall post the amount of USD100 million as an investment commitment. In consideration of the significant actual and future investments attributable to FCLRC, CEZA shall credit such investments towards the investment commitment compliance of applications for gaming licenses coursed through FCLRC.

17. Lease Agreements/Right-of-Use Assets and Lease Liabilities

Group as a Lessee
The Group has lease contracts for various site spaces for its operations. Leases of sites generally have lease terms between 1 and 25 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of site spaces with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

The following are the amounts recognized in the consolidated statement of income:

	2020	2019	2018
Depreciation and amortization expense of right-of-use assets included in property and equipment and investment properties (see Notes 7 and 8)	**₱220,332,029**	₱239,033,353	₱–
Expenses relating to short-term leases	**132,736,765**	368,391,875	597,953,462
Interest expense on lease liabilities (see Note 19)	**49,153,260**	51,323,077	–
Expenses relating to leases of low-value assets	**18,003,073**	44,882,690	47,596,350
Total amount recognized in the consolidated statement of comprehensive income	**₱420,225,127**	₱703,630,995	₱645,549,812

The rollforward analysis of right-of-use assets, presented under "Property and Equipment" account in the consolidated statements of financial position, is as follows:

	2020	2019
Cost		
Balance at beginning of year	**₱871,712,762**	₱619,549,380
Additions	**326,183,585**	252,163,382
Reclassification	**19,284,318**	–
Expired leases	**(102,866,295)**	–
Impairment (see Note 7)	**(27,743,873)**	–
Balance at end of year	**1,086,570,497**	871,712,762
Accumulated Amortization		
Balance at beginning of year	**237,323,836**	–
Amortization	**220,332,029**	237,323,836
Lease concession	**79,452,376**	–
Expired leases	**(102,866,295)**	–
Impairment (see Note 7)	**(15,081,535)**	–
Balance at end of year	**419,160,411**	237,323,836
Net Book Value	**₱667,410,086**	₱634,388,926
Impairment Loss		
Pre-termination (see Note 7)	**₱12,662,338**	–

The rollforward analysis of lease liabilities follows:

	2020	2019
Balance at beginning of year	**₱781,776,527**	₱747,967,120
Additions	**325,557,216**	250,882,302
Interest expense (see Note 19)	**49,153,260**	51,323,077
Payments	**(246,997,216)**	(268,395,972)
Gain on lease concession	**(79,452,376)**	–
Pre-termination	**(14,196,099)**	–
Balance at end of year	**815,841,312**	781,776,527
Current portion of lease liabilities	**237,998,769**	201,485,706
Lease liabilities - net of current portion	**₱577,842,543**	₱580,290,821

i. ABLE Group entered into several lease agreements for office space, warehouse and spaces where ABLE Group's sites conduct their bingo operations. The term of the lease agreements with various lessors varies from two (2) to three (3) years with escalation clauses ranging from 3% to 5%. The lease amounts are computed based on certain percentages of gross revenues or on a fixed rate per square meter which are generally determined on an annual basis. The lease period ranges from one (1) to seven (7) years with approximate annual escalation rates ranging from 5% to 10%.

ii. FCLRC entered into 25-year lease agreements with the Municipality of Cagayan up to December 7, 2031, and with CEZA up to June 30, 2031, respectively, or until FCLRC serves as its Master Licensor. The lease amounts are computed on a fixed rate per square meter subject to 5% escalation every three years. FCLRC also entered into other lease contracts with various lessors up to a term of one (1) year which are renewable. The lease amounts are generally determined on an annual basis.

iii. BCGLC Group entered into various lease agreements for its PAGCOR VIP Clubs where it conducts its operations. The lease agreements are renewable by mutual agreement of both parties generally under same terms and conditions. The lease period ranges from three (3) to ten (10) years with annual escalation clauses ranging from 5% to 11%.

iv. LRWC entered into several lease agreements for its office spaces. The term of the lease agreements with various lessors varies from three (3) to five (5) years with escalation ranging from 3% to 5%. The lease amounts are computed on a fixed rate per square meter which are generally determined on an annual basis.

v. TGXI entered into several lease agreements for the PeGS' locations and office space renewable by mutual agreement of both parties generally under the same terms and conditions. The lease period ranges from one (1) to five (5) years with annual escalation clauses ranging from 3% to 10%.

vi. ABLGI entered into a 25-year lease agreement for a parcel of land in Sta. Cruz, Manila from January 1, 2015 to December 31, 2039. The lease amount is computed on a fixed rate per square meter subject to 5% escalation every two years.

The lease agreements are non-cancellable and provide for, among others, rental deposits which are refundable upon termination of the lease. The rental deposits recognized in the consolidated statements of financial position as at December 31, 2020 and 2019 amounted to ₱442,854,472 and ₱432,823,436, respectively (see Note 11).

Prior to adoption of PFRS 16, rent expense recognized in the consolidated statement of ₱645,549,812 in 2018. Rent expense in 2020 and 2019 amounting to ₱150,739,838 and ₱413,274,565, respectively, pertains to the expense from short-term and low value leases.

In 2020, the Group has entered into several rent concessions and adopted the amendments to PFRS 16 using practical expedients beginning January 1, 2020. The impact of rent concessions amounting to ₱79,452,376 were presented in the consolidated statement of comprehensive income as reduction in amortization expense recorded under "Cost and operating expenses".

In 2021, some of the Group's lessors provided additional rent concession in the form of lower monthly lease rates and waivers of certain months due to continuous impact of COVID-19 outbreak.

Maturity analysis of the undiscounted lease payments are as follows:

	2020	2019
Within one year	**₱501,772,402**	₱270,196,149
Between one and five years	**841,777,921**	544,407,789
More than five years	**215,635,956**	195,952,478
	₱1,559,186,279	₱1,010,556,416

Group as Lessor

Rent Income Recognized as Revenue

a. As an authorized representative of Munich Management Limited, a foreign corporation duly organized and registered in British Virgin Islands, BCGLC entered into an agreement with the PAGCOR for the sublease of the slot machines owned by Entertainment Gaming (Philippines), Inc., including the proprietary system of linking and networking of individual units of slot machine within the PAGCOR Club - Leisure World Bacolor located at King's Royal Hotel and Leisure Park, Bacolor, Pampanga. The lease is for the period of three (3) years until June 30, 2016. The Company renewed the lease contract with PAGCOR until December 31, 2017. In November 2017, the lease contract was renewed until June 30, 2023 or upon exhaustion of the contract amount based on the income sharing scheme, whichever comes first.

   As a consideration, PAGCOR shall pay BCGLC monthly rent equivalent to a percentage of the slot machines' gross revenues after deducting the players' winnings/prizes and related taxes thereof.

b. LRLDI leases its investment properties under non-cancellable operating lease agreements. The leases are for a period ranging from two (2) to five (5) years with escalation rate ranging from 5% to 10%.

c. ABLGI leases its investment property for a period of twenty (20) years until December 31, 2034 with escalation rate of 3% every three years. The lessee may pre-terminate the lease agreement without obligation to pay termination costs.

d. FCLRC and LRLDI sublease its lease contracts for land properties with Municipality of Cagayan and CEZA to a locator under a 12-year sublease agreement commencing in July 2006, and office spaces to a customer under a 2-year sublease agreement commencing in July 2019, respectively. In 2019, upon adoption of PFRS 16 for FCLRC and inception of the sublease contract for LRLDI, these subleases were classified as finance leases and the related ROU assets were derecognized. At inception of LRLDI's sublease contract, carrying amount of the ROU asset derecognized amounted to ₱6,553,149 in 2019 (see Note 8). Loss on sublease was recognized in the consolidated statement of comprehensive income amounting to ₱123,918,498 in 2019 (see Note 19). As at December 31, 2020 and 2019, lease receivables amounted to ₱20,419,557 and ₱29,803,525, respectively.

Total rent income recognized in the statement of consolidated comprehensive income amounted to ₱267,176,326 in 2020, ₱706,652,846 in 2019, and ₱560,690,470 in 2018.

Minimum lease receivables as at December 31 are as follows:

	2020	2019
Within one year	**₱51,636,826**	₱34,686,567
Between one and five years	**126,879,800**	82,912,511
More than five years	**165,305,472**	110,332,827
	₱343,822,098	₱227,931,905

18. Retirement Benefits

The Group's actuarial valuations are obtained on a periodic basis. The retirement benefits are determined using the projected unit credit method.

The retirement benefits of ABLE are primarily based on the number of years of service of covered employees, as well as their fixed monthly salary. Under the provisions of the retirement plan, the mandatory retirement age is sixty-five (65), with at least ten (10) years of service and the retirement benefit is equal to two hundred percent (200%) of the plan salary per year of credited service.

The Group's latest actuarial valuation reports are dated December 31, 2020. The following tables summarize the components of retirement expense recognized in the consolidated statement comprehensive income of ABLE and FCLRC:

Retirement Expense

	ABLE			FCLRC		
	2020	2019	2018	**2020**	2019	2018
Current service cost	**₱14,791,390**	₱16,366,331	₱16,830,418	**₱1,912,315**	₱1,548,521	₱1,711,041
Past service credit	**(41,687,614)**	–	–	–	–	–
Interest cost on defined benefit obligation	**8,872,783**	15,908,679	12,468,696	**537,368**	591,109	435,504
Net retirement expense (income)	**(₱18,023,441)**	₱32,275,010	₱29,299,114	**₱2,449,683**	₱2,139,630	₱2,146,545

The total retirement expense (income) of ABLE and FCLRC recognized amounted to (₱15,573,758) in 2020, ₱34,414,640 in 2019, and ₱31,445,659 in 2018.

Changes in the Present Value of Defined Benefit Obligation

	ABLE		FCLRC	
	2020	2019	**2020**	2019
Present value of defined benefit obligation at beginning of year	**₱169,199,636**	₱217,596,818	**₱11,138,542**	₱8,225,366
Actuarial loss/(gain)	**13,450,929**	(26,029,168)	**(7,633,505)**	803,277
Current service cost	**14,791,390**	16,366,331	**1,912,315**	1,548,521
Interest cost	**8,872,783**	15,908,679	**537,368**	591,109
Past service cost/credit	**(41,687,614)**	–	–	–
Net acquired/(released) obligation due to employee transfers	–	133,668	–	(29,731)
Benefits paid	**(23,773,190)**	(54,776,692)	–	–
Present value of defined benefit obligation at end of year	**₱140,853,934**	₱169,199,636	**₱5,954,720**	₱11,138,542

As at December 31, 2020 and 2019, the total retirement benefits liability amounted to ₱146,808,654 and ₱180,338,178, respectively.

The movement in retirement benefits reserve taken up under other comprehensive income and consolidated statements of changes in equity are as follows:

	ABLE			FCLRC		
	2020	2019	2018	**2020**	2019	2018
Actuarial loss (gain) from:						
Financial assumptions	**₱25,413,273**	₱48,586,288	(₱47,832,203)	**₱463,238**	₱2,008,719	(₱1,207,677)
Experience adjustments	**(11,962,344)**	(68,158,463)	21,091,473	**(8,096,743)**	(1,205,442)	42,075
Demographic assumptions	–	(6,456,993)	–	–	–	–
	₱13,450,929	(₱26,029,168)	(₱26,740,730)	**(₱7,633,505)**	₱803,277	(₱1,165,602)

The principal assumptions used in determining defined benefit obligations for the Group's plans are shown below:

	ABLE		FCLRC	
	2020	2019	**2020**	2019
Discount rate at end of year	**3.99%**	5.25%	**4.09%**	4.86%
Future salary increases	**4.00%**	4.00%	**4.00%**	4.00%

The weighted average duration of defined benefit obligation is as follows:

	ABLE		FCLRC	
	2020	2019	**2020**	2019
Average expected future service years	**7.00**	7.00	**11.00**	11.00

Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	ABLE		FCLRC	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	120,123,959	166,045,460	5,366,731	6,666,450
Future salary growth	166,549,173	119,383,424	6,693,838	5,332,529

Assumptions for mortality rate are based on the 2017 Philippine Intercompany Mortality Table. Assumptions for disability rates are based on the 1952 Disability Study, Period 2, Benefit 5.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

The defined benefit obligation is exposed to actuarial risks such as longevity risk and interest rate risk.

Funding

The Group does not have a formal retirement plan. Benefit claims under the retirement obligation are paid directly by the Group when they become due.

Asset-liability Matching
The Group has no plan assets to match against liabilities under the retirement obligation.

Maturity analysis of the benefit payments:

	2020				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1-5 Years**	**More than 5 Years**
ABLE	**₱140,853,934**	**₱864,300,794**	**₱233,571**	**₱8,970,282**	**₱855,096,941**
FCLRC	**5,954,720**	**51,649,018**	**170,241**	**2,942,686**	**48,536,091**
	₱146,808,654	**₱915,949,812**	**₱403,812**	**₱11,912,968**	**₱903,633,032**

	2019				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1-5 Years	More than 5 Years
ABLE	₱169,199,636	₱1,235,761,127	₱38,485	₱7,253,005	₱1,228,469,637
FCLRC	11,138,542	50,601,706	163,164	3,010,427	47,428,115
	₱180,338,178	₱1,286,362,833	₱201,649	P10,263,432	₱1,275,897,752

19. Finance Income/Finance Expense/Other Income

Finance income consists of:

	Note	**2020**	2019	2018
Interest income on cash in banks	*4*	**₱2,846,356**	₱4,169,920	₱1,396,080
Interest income on receivables from TCAMI	*9*	**23,357,168**	–	–
		₱26,203,524	₱4,169,920	₱1,396,080

Finance expense consists of:

	Note	**2020**	2019	2018
Interest expense on loans payable	*12*	**₱254,712,334**	₱436,612,672	₱422,773,300
Interest expense on lease liabilities	*17*	**49,153,260**	51,323,077	–
Interest expense on late payments		**8,942,694**	55,512,277	–
Interest expense on unpaid CEZA fees	*16*	–	6,828,032	5,403,043
		₱312,808,288	₱550,276,058	₱428,176,343

Interest expense on loans payable includes amortization of transaction costs related to loan of ABLGI with BDO. The Group recognized amortization of transaction costs amounting to ₱11,132,258 for the years 2020, 2019 and 2018 (see Note 12).

The Group recognized gain on lease concession amounting to ₱3,969,000 for ABLGI resulting from forgiveness of rental payments from April 2020 up to March 2021. The gain is recognized as deduction in interest expense on lease liabilities.

Other income - net consists of:

	Note	**2020**	2019	2018
Finance charges		**(₱2,859,000)**	(₱21,674,258)	₱–
Marketing allowance		**5,659,596**	42,000,000	60,000,000
Application fee income		**4,618,560**	306,620	4,290,000
Loss on sublease	*17*	**–**	(123,918,498)	–
Management fee income		**–**	951,370	–
Consultancy fees		**–**	–	168,675,000
Commission income		**–**	–	13,770,722
Others - net		**4,747,619**	(5,019,719)	(8,402,699)
		₱12,166,775	(₱107,354,485)	₱238,333,023

Marketing allowance refers to the payments made by e-bingo machine vendors to the Group used to finance marketing expenses of the Group (e.g. advertisement, etc.).

Consultancy fees pertain to fees received from third parties for its projects.

Others - net mainly consists of other income from the Group's investment, professional fee and replacement fee for lost bingo cards.

20. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Group, including holding companies, and fellow subsidiaries are related entities of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related entities.

All publicly-listed and certain members of the companies of the Group have Material Related Party Transaction Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

Other than those disclosed in Notes 5 and 9, the Group's significant transactions and balances with related parties follow:

Categories	Nature of Transaction	Year	Amount of Transactions for the Year	Outstanding Balance Receivable (Notes 5 and 9)	Due from Related Parties	Terms	Conditions
TCAMI – Joint Venture Partner	Sale of Techzone shares	**2020**	**₱50,000,000**	**₱531,506,675**	**₱–**	Payable in 10 years; non-interest bearing;	
		2019	1,750,000,000	558,149,507	–	to be settled in cash	
Individual stockholder	Cash advances	**2020**	–	–	**5,000,000**	Demandable; non-interest bearing	Unsecured; no impairment
		2019	–	–	5,000,000	to be settled in cash	
Advances to affiliates	Cash advances	**2020**	–	–	**150,000,000**	Demandable; non-interest bearing	Unsecured; no impairment
		2019	–	–	150,000,000	to be settled in cash	
Total		**2020**		**₱531,506,675**	**₱155,000,000**		
Total		2019		₱558,149,507	₱155,000,000		

Advances to affiliates consist mainly of advances for working capital requirements to Cyberpoint Holdings and Management Corporation (CHMC), a holding company which owns 3.7% of LRWC's outstanding shares,.

All intra-group balances, transactions, including income and expenses and profits and losses resulting from intra-group transactions are eliminated. Intergroup balances and transactions before eliminations amounted to ₱2,554,309,200 and ₱2,588,239,893 as at December 31, 2020 and 2019, respectively.

All intragroup transactions are eliminated during consolidation are unsecured, non-interest bearing and payable on demand. Related party transactions are to be settled in cash.

For each of the years in the period ended December 31, the details of key management and directors' compensation representing short-term benefits are as follows:

	2020	2019	2018
Salaries and employee benefits	**₱56,863,737**	₱66,304,834	₱34,644,203
Directors' fees	**6,920,000**	5,830,000	10,000,000

21. Income Taxes

The components of the Group's income tax expense are as follows:

	2020	2019	2018
Current tax expense	**₱20,580,457**	₱32,792,120	₱26,168,752
Deferred tax expense	**81,276,880**	835,201,656	522,973,342
	₱101,857,337	₱867,993,776	₱549,142,094

The Group's income tax expense consists of the 30% regular corporate income tax and the 5% gross income tax on FCLRC and FCCDCI's operations with CSEZFP and LRLDI operations (see Note 16).

Reconciliation between income tax expense in the Group's profit or loss and the income tax computed at statutory income tax rate follows:

	2020	2019	2018
Income (loss) before income tax	**(₱1,236,237,492)**	₱975,096,353	₱1,014,224,943
Income tax (benefit) using statutory tax rate of 30%	**(₱370,871,248)**	₱292,528,906	₱304,267,483
Additions to (reductions in) income taxes resulting from tax effects of:			
Nondeductible operating expenses	**3,036,677,350**	8,478,138,096	7,417,169,260
Income exempt from income tax	**(2,688,262,389)**	(8,195,674,725)	(7,423,408,389)
Expired NOLCO	**147,298,451**	138,525,193	11,931,047
Change in unrecognized deferred tax assets	**(53,077,038)**	227,910,143	295,186,670
Equity in net loss (earnings) of joint ventures	**30,732,002**	(44,702,307)	(34,459,847)
Interest income subject to final tax	**(853,907)**	(1,250,976)	(417,562)
Equity in net loss (earnings) of associates	**214,116**	(27,480,554)	(21,126,568)
	₱101,857,337	₱867,993,776	₱549,142,094

The composition of recognized net deferred tax assets of the Group as at December 31 are as follows:

	2020	2019
Deferred income	₱–	₱18,420
Unrealized loss on foreign exchange differences	–	2,056
	₱–	₱20,476

The composition of recognized deferred tax liabilities of the Group as at December 31 are as follows:

	2020	2019
Unrealized gain on changes in fair value of investment properties	**₱1,450,163,150**	₱1,375,327,712
Unamortized transaction cost	**6,401,048**	9,740,726
Unrealized gain on foreign exchange differences	**2,222,238**	(493,552)
Accrued rental income	**1,048,307**	–
Others	**6,037,500**	–
	₱1,465,872,243	₱1,384,574,886

As at December 31, 2020, the Group's unrecognized deferred tax assets pertain to the following items:

	Tax Base	Amount
NOLCO	**₱1,628,501,049**	**₱488,550,315**
Lease liabilities	**114,616,981**	**34,385,094**
Allowance for impairment loss	**95,630,719**	**28,689,216**
Retirement benefits liability	**37,071,869**	**11,121,561**
Unrealized loss on foreign exchange differences	**20,832,630**	**1,637,543**
MCIT	**3,883,968**	**3,883,968**
Unearned revenue	**1,944,418**	**583,325**
	₱1,902,481,634	**₱568,851,022**

As at December 31, 2019, the Group's unrecognized deferred tax assets pertain to the following items:

	Tax Base	Amount
NOLCO	₱1,790,357,840	₱537,107,353
Retirement benefits liability	199,551,824	59,865,547
Allowance for impairment loss	53,633,994	16,090,198
Lease liabilities	13,042,940	1,861,796
Unrealized loss on foreign exchange differences	5,790,401	1,593,052
MCIT	5,354,297	5,354,297
Unearned revenue	186,057	55,817
	₱2,067,917,353	₱621,928,060

Deferred tax assets were not recognized because the management believes it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

The Group has incurred NOLCO which can be claimed as deduction from future taxable income. Details of which are shown below:

Year Incurred	Amount	Expired/ Applied	Balance	Expiry Date
2020	₱339,892,074	₱–	₱339,892,074	December 31, 2025
2019	744,300,023	(6,777,304)	737,522,719	December 31, 2022
2018	566,189,665	(15,103,409)	551,086,256	December 31, 2021
2017	490,994,837	(490,994,837)	–	December 31, 2020
	₱2,141,376,599	(₱512,875,550)	₱1,628,501,049	

The details of MCIT which can be claimed as credit against future RCIT liabilities are as follows:

Year Incurred	Amount	Expired/ Applied	Balance	Expiry Date
2020	₱527,329	₱–	₱527,329	December 31, 2023
2019	21,795	–	21,795	December 31, 2022
2018	6,469,732	(3,134,888)	3,334,844	December 31, 2021
2017	1,997,658	(1,997,658)	–	December 31, 2020
	₱9,016,514	(₱5,132,546)	₱3,883,968	

On April 23, 2013, the BIR issued Revenue Memorandum Circular (RMC) 33-2013 clarifying the taxability of PAGCOR, its contractees and licensees. Pursuant to Section 1 of Republic Act No. 9337, amending Section 27 (C) of the National Internal Revenue Code (NIRC), as amended, effective November 1, 2005, PAGCOR is no longer exempt from corporate income tax as it has been effectively omitted from the list of government-owned or controlled corporations that are exempt from income tax. Accordingly, PAGCOR and its contractees and licensees' income from its operations and licensing of gambling casinos, gaming clubs and other similar recreation or amusement places, gaming pools, and other related operations are subject to corporate income tax under the NIRC, as amended.

Until March 31, 2013, in accordance with PAGCOR's directives, ABLE continued to abide by the provisions of P.D. 1869 (as amended by R.A. 9487) whereby it pays the 5% franchise tax.

On July 9, 2013, a memorandum was issued by PAGCOR to all its bingo contractees and grantees clarifying that they are no longer subject to the 5% franchise tax, and are subject to the corporate income tax, instead. In compliance with the said RMC, ABLE has changed to corporate income tax as its basis for determining the tax expense starting second quarter of 2013.

On December 10, 2014, a resolution in favor of PAGCOR was rendered by the Supreme Court regarding the change from franchise tax to corporate income tax. The resolution pertains only to PAGCOR and not to its grantees and contractees.

The Group made legal opinion on the implications of the Supreme Court's decision in the case of Bloomberry Resorts and Hotels, Inc. vs. Bureau of Internal Revenue in relation to the contract entered by PIKI, BCGLC and HEPI with PAGCOR. These components of the Group are duly organized and existing under the laws of the Philippines having existing agreements with PAGCOR.

The Group determined its income taxes on these components on the premise that the results from casino operations are no longer subject to regular income taxes in pursuant to Sec 13(2) of Presidential Decree 1869 (PAGCOR Charter) which states that "the five (5%) percent franchise tax of the gross revenue or earnings derived by PAGCOR and all its contractees and licensees shall be due and payable quarterly to the National Government and 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 assessed that it is exempt from the corporate income tax on these components pursuant to the Supreme Court's decision to a tax case which categorically held PAGCOR and its contractees and licensees exempt from the payment of corporate income tax and other taxes.

Effective January 1, 2018, in accordance with the Amendments to the Regulatory Manual issued by PAGCOR on April 6, 2018, ABLE and its subsidiaries, as a licensee of PAGCOR, is exempt from all taxes and is only subject to 5% franchise tax on revenues from bingo gaming operations pursuant to Presidential Decree No. 1869, as amended by Republic Act No. 9487.

Bayanihan to Recover as One Act (Bayanihan 2).
On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

In this regard, the NOLCO incurred in taxable year 2020 can be claimed as deduction from the regular taxable income for the next 5 consecutive taxable years pursuant to the Bayanihan to Recover As One Act. On the other hand, the NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next 3 consecutive taxable years.

22. Earnings Per Share

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

	2020	2019	2018
Net income (loss) attributable to Parent Company	**(₱1,298,290,376)**	₱95,656,550	₱479,645,976
Dividends on preferred shares	–	(233,145,000)	(70,125,000)
Effect of preferred shares held by ABLE	–	3,102,500	3,102,500
Income (loss) attributable to ordinary stockholders of the Parent Company (a)	**(1,298,290,376)**	(134,385,950)	412,623,476
Adjusted weighted average number of shares outstanding (b)	**2,417,500,000**	2,011,616,836	1,199,230,595
Basic earnings per share (a/b)	**(₱0.5370)**	(₱0.0668)	₱0.3441

Diluted earnings per share is computed as follows:

	2020	2019	2018
Income (loss) attributable to ordinary stockholders of the Parent Company *(a)*	**(₱1,298,290,376)**	(₱134,385,950)	₱412,623,476
Adjusted weighted average number of shares outstanding *(b)*	**2,417,500,000**	2,011,616,836	1,199,230,595
Effect of dilutive potential common shares* *(c)*	**80,675,000**	80,675,000	80,675,000
Adjusted weighted average number of shares outstanding (d=b+c)	**2,498,175,000**	2,092,291,836	1,279,905,595
Diluted earnings per share (a/d)	**(₱0.5370)****	(₱0.0668)**	₱0.3224

** Adjusted for the convertible warrants (see Note 14).*
*** The effect of the convertible warrants is antidilutive.*

23. Segment Information

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

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

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

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

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

Analysis of financial information by business segment in 2020 is as follows:

	Online Group	Casino Group	Retail Group	Property Group	Others	Eliminations	Consolidated
External revenue	₱806,090,842	₱344,598,661	₱2,404,142,540	₱28,488,338	₱–	₱–	₱3,583,320,381
Cost and operating expenses	697,489,634	483,848,180	2,792,211,656	42,024,480	197,720,601	–	4,213,294,551
Segment results	108,601,208	(139,249,519)	(388,069,116)	(13,536,142)	(197,720,601)	–	(629,974,170)
Finance expense	(9,029,380)	(27,361,993)	(91,011,322)	(169,451,755)	(15,953,838)	–	(312,808,288)
Unrealized gains on changes in fair values of investment properties - net	1,130,000	–	–	281,184,883	–	–	282,314,883
Impairment loss on financial assets	(101,669,836)	(518,007)	(44,340,832)	–	(94,139,698)	–	(240,668,373)
Impairment loss on non-financial assets	–	(1,524,967)	(51,774,680)	–	–	(164,792,402)	(218,092,049)
Equity in net earnings of a joint venture	–	–	–	–	(102,440,007)	–	(102,440,007)
Gain (loss) on sale of an asset	(52,328,983)	–	4,894,770	–	–	–	(47,434,213)
Finance income	1,702,164	120,172	458,478	23,849,428	73,282	–	26,203,524
Foreign exchange loss - net	(29,538,563)	96,023	(70,449)	24,720,000	1,135	–	(4,791,854)
Equity in net earnings of associates	(69,634,529)	–	(713,720)	–	–	69,634,529	(713,720)
Other income (expenses) - net	4,380,440	75,107	10,530,020	(30,704)	(72,483)	(2,715,605)	12,166,775
Remeasurements of defined benefit liability - net of tax	7,633,506	–	(14,162,491)	–	–	–	(6,528,985)
Unrealized gain on investment in FVOCI	–	–	–	–	5,904,912	–	5,904,912
Income tax	(12,517,874)	(1,967,415)	–	(87,571,568)	199,520	–	(101,857,337)
Total Comprehensive Income (Loss)	(₱151,271,847)	(₱170,330,599)	(₱574,259,342)	₱59,164,142	(₱404,147,778)	(₱97,873,478)	(₱1,338,718,902)
Other Information							
Segment assets	₱3,347,270,660	₱1,596,313,174	₱2,378,736,449	₱12,185,197,974	₱4,118,095,423	(₱7,132,138,751)	₱16,493,474,929
Investments and advances	214,518,190	–	104,798,672	1,058,397,284	4,841,173,663	(4,028,293,049)	2,190,594,760
Total Assets	₱3,561,788,850	₱1,596,313,174	₱2,483,535,121	₱13,243,595,258	₱8,959,269,086	(₱11,160,431,800)	₱18,684,069,689
Total Liabilities	₱2,279,924,902	₱1,697,553,392	₱2,856,679,058	₱7,969,088,399	₱2,335,623,707	(₱8,613,812,345)	₱8,525,057,113
Capital expenditures	₱3,609,073	₱15,224,692	₱18,184,491	₱246,044	₱654,737	₱–	₱37,919,037
Depreciation and amortization	43,971,622	157,226,005	300,979,393	4,270,025	27,843,189	–	534,290,234

Analysis of financial information by business segment in 2019 is as follows:

	Online Group	Casino Group	Retail Group	Property Group	Others	Eliminations	Consolidated
External revenue	P1,079,725,322	₱1,325,287,557	₱8,162,258,852	₱46,787,265	₱–	P–	₱10,614,058,996
Cost and operating expenses	947,832,223	1,173,522,526	7,862,999,434	361,077,613	355,035,294	–	10,700,467,090
Segment results	131,893,099	151,765,031	299,259,418	(314,290,348)	(355,035,294)	–	(86,408,094)
Unrealized gains on changes in fair values of investment properties - net	1,030,000	–	–	2,448,394,356	–	–	2,449,424,356
Loss on sale of an investment	–	–	–	(741,480,264)	–	–	(741,480,264)
Finance expense	(22,292,162)	(41,139,243)	(155,081,668)	(274,723,196)	(57,039,789)	–	(550,276,058)
Equity in net earnings of a joint venture	–	–	–	–	149,007,689	–	149,007,689
Impairment loss on non-financial assets	(1,401,782)	(285,165)	(89,634,544)	–	(37,169,473)	(8,183,009)	(136,673,973)
Impairment loss on financial assets	–	–	(6,843,621)	(3,572,360)	(100,000,000)	–	(110,415,981)
Equity in net earnings of associates	41,212,400	–	–	91,601,846	–	(41,212,400)	91,601,846
Foreign exchange loss - net	8,912,659	2,063,703	1,594,931	1,640,086	(709,982)	–	13,501,397
Finance income	1,781,552	102,327	712,190	4,531,803	934,909	(3,892,861)	4,169,920
Other income (expenses) - net	(118,158,177)	(3,727,807)	29,578,843	(10,215,720)	605,168,376	(610,000,000)	(107,354,485)
Unrealized gain on investment in FVOCI	–	–	–	–	(61,454,830)	–	(61,454,830)
Remeasurements of defined benefit liability - net of tax	(803,278)		26,740,730	–	–	–	25,937,452
Income tax	(17,000,513)	(9,391,516)	(5,655,061)	(728,309,654)	(107,637,032)	–	(867,993,776)
Total Comprehensive Income (Loss)	P25,173,798	₱99,387,330	₱100,671,218	P473,576,549	₱36,064,574	(P663,288,270)	₱71,585,199
Other Information							
Segment assets	₱2,896,547,567	P1,855,972,239	₱3,115,389,930	₱11,309,957,848	P5,786,085,868	(₱5,822,074 ,224)	₱19,141,879,228
Investments and advances	291,590,209	–	126,276,497	1,050,079,481	5,005,753,367	(4,184,583,994)	2,289,115,560
Total Assets	₱3,188,137,776	₱1,855,972,239	₱3,241,666,427	₱12,360,037,329	P10,791,839,235	(₱10,006,658,218)	₱21,430,994,788
Total Liabilities	₱1,747,071,322	₱1,786,836,170	₱2,945,494,227	P7,140,801,751	₱2,114,046,078	(₱7,414,525,465)	P8,319,724,083
Capital expenditures	₱4,435,006	₱89,984,225	P91,576,740	₱499,920	₱1,704,509	₱–	₱188,200,400
Depreciation and amortization	46,266,135	166,736,738	371,591,336	5,851,087	56,164,988	–	646,610,284

Analysis of financial information by business segment in 2018 is as follows:

	Online Group	Casino Group	Retail Group	Property Group	Others	Eliminations	Consolidated
External revenue	₱1,054,365,127	₱1,430,968,478	₱7,403,096,686	₱25,416,844	₱–	P–	₱9,913,847,135
Cost and operating expenses	984,771,997	1,258,649,424	7,208,502,982	85,532,603	370,648,126	–	9,908,105,132
Segment results	69,593,130	172,319,054	194,593,704	(60,115,759)	(370,648,126)	–	5,742,003
Unrealized gains on changes in fair values of investment properties - net	(83,480,633)	–	–	1,412,889,163	–	–	1,329,408,530
Finance expense	(11,111,631)	(25,982,488)	(82,886,523)	(269,943,153)	(38,252,548)	–	(428,176,343)
Impairment loss on financial assets	(3,492,450)	–	(5,648,774)	(157,500,000)	(15,000,000)	–	(181,641,224)
Equity in net earnings of a joint venture	–	–	–	–	114,866,158	–	114,866,158
Impairment loss on non-financial assets	–	(10,369,524)	(101,496,473)	–	–	–	(111,865,997)
Equity in net earnings of associates	44,001,185	–	(31,296)	70,453,190	–	(44,001,185)	70,421,894
Foreign exchange loss - net	317,631	–	(9,477,871)	(16,482,993)	1,384,052	–	(24,259,181)
Finance income	41,791	27,855	159,974	1,142,908	23,552	–	1,396,080
Other income (expenses) - net	3,689,549	(8,077,324)	86,842,716	157,509,892	(1,631,810)	–	238,333,023
Revaluation surplus - net of tax	(89,182,693)	–	–	–	–	–	(89,182,693)
Unrealized gain on investment in FVOCI	–	–	–	–	14,871,625	–	14,871,625
Remeasurements of defined benefit liability - net of tax	1,165,602	–	26,740,731	–	–	–	27,906,333
Income tax	(14,524,957)	(4,373,527)	(3,630,770)	(395,843,025)	(130,769,815)		(549,142,094)
Total Comprehensive Income (Loss)	(₱82,983,476)	P123,544,046	₱105,165,418	P742,110,223	(₱425,156,912)	(P44,001,185)	₱418,678,114
Other Information							
Segment assets	₱2,869,682,502	₱1,477,276,865	₱2,886,540,166	₱7,775,829,278	₱1,740,010,410	(₱3,256,837,276)	₱13,492,501,945
Investments and advances	256,011,589	–	136,037,231	3259328746	4,756,745,679	(3,834,338,630)	4,573,784,615
Total Assets	₱3,125,694,091	P1,477,276,865	₱3,022,577,397	P11,035,158,024	₱6,496,756,089	(P7,091,175,906)	₱18,066,286,560
Total Liabilities	₱1,686,896,034	₱1,342,245,771	₱2,516,357,053	₱5,816,145,870	₱2,067,794,954	(₱4,471,730,349)	₱8,957,709,333
Capital expenditures	₱34,456,880	P74,062,894	₱116,426,556	P2,389,165	₱8,914,150	₱–	₱236,249,645
Depreciation and amortization	43,964,764	102,496,432	285,922,074	(914,337)	39,833,447	–	471,302,380

There were no intersegment sales recognized among reportable segments in 2020, 2019 and 2018. Unallocated corporate expenses consist of net operating expenses of the Parent Company. Assets of the individual segments mainly comprise investments and advances, due from related parties, property and equipment, and trade receivables. Liabilities of the individual segments include loans payable, trade and other payables, retirement benefits liability, and due to related parties. Capital expenditures on noncurrent assets represent additions to property and equipment and investment properties. Noncash expenses pertain to depreciation and amortization expense attributable to reportable segments.

24. Other Matters

Electronic Bingo and Rapid Bingo

The revenues from electronic bingo and rapid bingo are presented in the consolidated statement of comprehensive income net of the share of owners of electronic bingo and rapid bingo machines as follows:

Electronic bingo

	2020	2019	2018
Gross receipts from electronic bingo	**₱2,226,870,374**	₱6,707,521,455	₱6,087,271,518
Less share of owners of electronic bingo machines	**481,194,561**	1,418,291,195	1,332,365,257
Net revenues	**₱1,745,675,813**	₱5,289,230,260	₱4,754,906,261

Rapid bingo

	2020	2019	2018
Gross receipts from rapid bingo	**₱92,437,390**	₱306,618,320	₱247,221,904
Less share of owners of rapid bingo machines	**6,570,270**	22,406,115	16,835,474
Net revenues	**₱85,867,120**	₱284,212,205	₱230,386,430

Income from junket operations

On July 3, 2013, PAGCOR awarded PIKI the authority to bring pre-registered non-Philippine junket players to play in the junket Gaming Rooms at PAGCOR's Casino Filipino - Midas, with a minimum gaming table mix to be determined by PAGCOR. The Group's income from PIKI's junket operations amounted to ₱111,551,571 in 2020, ₱689,770,381 in 2019, and ₱895,694,852 in 2018.

Revenues from e-Casino

ABLE generates income from e-casino representing operator's share in e-Casino game winnings. E-Casino offers popular casino games such as baccarat, poker and roulette via computer terminals. Income generated from these operations which amounted to ₱17,032,507 in 2020, ₱52,201,738 in 2019, and nil in 2018 are presented as part of "Commission income" account in the consolidated statement of comprehensive income.

The Group's revenue from TGXI's commission income from PeGS which amounted to ₱124,926,928 in 2020, ₱301,450,264 in 2019, and ₱291,607,194 in 2018 are presented as part of "Commission income" account in the consolidated statement of comprehensive income.

Contingencies
The Group currently has several tax assessments and legal cases. The Group's estimate of the probable costs for the resolution of these assessments has been developed in consultation with management as well as outside legal counsel handling these matters and is based on an analysis of potential results. The Group currently does not believe that these tax assessments and legal cases will have a material adverse effect on its consolidated statement of financial position and consolidated statement of financial performance. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings. No provision for probable losses were made in relation to these tax and legal assessments.

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill.
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Company in 2020 is 27.50%. This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as at December 31, 2020, amounting to ₱7,530,737 and ₱1,941,342, respectively, or a reduction of ₱1,017,476. The reduced amounts will be reflected in the Group's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.

- This will result in lower deferred tax liabilities as at December 31, 2020 and provision for deferred tax for the year then ended by ₱202,693,473. These reductions will be recognized in the 2021 financial statements.

25. Financial Risk and Capital Management Objectives and Policies

Financial Risk Management Objectives and Policies
The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

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

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

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

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

Credit Risk

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

Financial information on the Group's maximum exposure to credit risk as at December 31, 2020 and 2019, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	Note	**2020**	2019
Amortized cost			
Cash and cash equivalents*	*4*	**₱281,514,428**	₱2,470,113,025
Receivables - net	*5*	**1,694,923,124**	1,890,682,866
Lease receivables	*17*	**20,419,557**	29,803,525
Rental deposits	*11*	**442,854,472**	432,823,436
Cash performance bonds	*11*	**306,450,000**	298,950,000
Performance cash deposits and betting credit funds	*11*	**32,450,000**	32,450,000
Due from related parties	*20*	**155,000,000**	155,000,000
		2,933,611,581	5,309,822,852
FVOCI	*9*	**112,630,736**	106,725,824
		₱3,046,242,317	₱5,416,548,676

**Excluding cash on hand and payout fund amounting to ₱92,459,872 and ₱88,532,255 as at December 31, 2020 and 2019, respectively.*

Cash and cash equivalents

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

Receivables

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

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

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

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

The Group has recognized impairment losses on receivables to third party of ABLE amounting to ₱35,854,607 in 2020, ₱32,942,310 in 2019 and ₱21,641,224 in 2018 due to cessation of operations of its debtors.

As at reporting date, there were no significant concentrations of credit risk.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of receivables not past due or past due by up to 60 days.

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

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

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

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

The most significant amount of due from related parties of the Group are the advances to BLRI and HEPI, an associate and a joint venture, respectively, of the Parent Company.

Aging Analysis. Set out below is the aging of financial assets as at December 31, 2020 and 2019

	2020					
		Past Due				
	Current	30 Days	60 Days	90 Days and Above	ECL	Total
Cash and cash equivalents*	**₱281,514,428**	**₱–**	**₱–**	**₱–**	**₱–**	**₱281,514,428**
Receivables	**662,553,825**	**95,153,141**	**25,601,174**	**911,614,984**	**493,534,727**	**2,188,457,851**
Lease receivables	**20,419,557**	–	–	–	–	**20,419,557**
Rental deposits	**442,854,472**	–	–	–	–	**442,854,472**
Cash performance bonds	**306,450,000**	–	–	–	–	**306,450,000**
Performance cash deposits and betting credit funds	**32,450,000**	–	–	–	–	**32,450,000**
Due from related parties	**155,000,000**	–	–	–	–	**155,000,000**
Financial assets at FVOCI	**112,630,736**	–	–	–	–	**112,630,736**
	₱2,013,873,018	**₱95,153,141**	**₱25,601,174**	**₱911,614,984**	**₱493,534,727**	**₱3,539,777,044**

**Excluding cash on hand and payout fund amounting to ₱92,459,872.*

	2019					
		Past Due				
	Current	30 Days	60 Days	90 Days and Above	ECL	Total
Cash in banks*	₱2,470,113,025	₱–	₱–	₱–	₱–	₱2,470,113,025
Receivables	1,417,920,664	53,632,602	47,171,968	371,957,632	248,408,408	2,139,091,274
Lease receivables	29,803,525	–	–	–	–	29,803,525
Rental deposits	432,823,436	–	–	–	–	432,823,436
Cash performance bonds	298,950,000	–	–	–	–	298,950,000
Performance cash deposits and betting credit funds	32,450,000	–	–	–	–	32,450,000
Due from related parties	155,000,000	–	–	–	–	155,000,000
Financial assets at FVOCI	106,725,824	–	–	–	–	106,725,824
	₱4,943,786,474	₱53,632,602	₱47,171,968	₱371,957,632	₱248,408,408	₱5,664,957,084

**Excluding cash on hand and payout fund amounting to ₱88,532,255.*

Credit risk under general and simplified approach

	2020				
	General Approach			**Simplified**	
	Stage 1	**Stage 2**	**Stage 3**	**Approach**	**Total**
Cash and cash equivalent*	**₱281,514,428**	**₱–**	**₱–**	**₱–**	**₱281,514,428**
Receivables - net	–	–	–	**1,694,923,124**	**1,694,923,124**
Lease receivables	–	–	–	**20,419,557**	**20,419,557**
Rental deposits	**442,854,472**	–	–	–	**442,854,472**
Cash performance bonds	**306,450,000**	–	–	–	**306,450,000**
Performance cash deposits and betting credit funds	**32,450,000**	–	–	–	**32,450,000**
Due from related parties	**155,000,000**	–	–	–	**155,000,000**
Financial assets at FVOCI	**112,630,736**	–	–	–	**112,630,736**
	₱1,330,899,636	**₱–**	**₱–**	**₱1,715,342,681**	**₱3,046,242,317**

**Excluding cash on hand and payout fund amounting to ₱92,459,872.*

	2019				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks*	₱2,470,113,025	₱–	₱–	₱–	₱2,470,113,025
Receivables - net	–	–	–	1,890,682,866	1,890,682,866
Lease receivables	–	–	–	29,803,525	29,803,525
Rental deposits	432,823,436	–	–	–	432,823,436
Cash performance bonds	298,950,000	–	–	–	298,950,000
Performance cash deposits and betting credit funds	32,450,000	–	–	–	32,450,000
Due from related parties	155,000,000	–	–	–	155,000,000
Financial assets at FVOCI	106,725,824	–	–	–	106,725,824
	₱3,496,062,285	₱–	₱–	₱1,920,486,391	₱5,416,548,676

**Excluding cash on hand and payout fund amounting to ₱88,532,255.*

Simplified Approach. Set out below is the information about the credit risk exposure on the Group Company's trade receivables using simplified approach (provision matrix):

	2020					
	Days Past Due					
	Current	**<30 days**	**30-90 days**	**More than 90 Days**	**Credit Impaired**	**Total**
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	**₱682,973,382**	**₱95,153,141**	**₱25,601,174**	**₱911,614,984**	**₱493,534,727**	**₱2,208,877,408**
Expected credit loss	–	–	–	–	**493,534,727**	**493,534,727**
	₱682,973,382	**₱95,153,141**	**₱25,601,174**	**₱911,614,984**	**₱–**	**₱1,715,342,681**

	2019					
	Days Past Due					
	Current	<30 days	30-90 days	More than 90 Days	Credit Impaired	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	₱1,447,724,189	₱53,632,602	₱47,171,968	₱371,957,632	₱248,408,408	₱2,168,894,799
Expected credit loss	–	–		–	248,408,408	248,408,408
	₱1,447,724,189	₱53,632,602	₱47,171,968	₱371,957,632	₱–	₱1,920,486,391

Liquidity Risk

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

The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury and cash management functions of the Group are centralized. Management has placed controls and procedures to closely monitor the Group's existing obligations. Additionally, the Group has also been negotiating with lenders to restructure and extend its term loans, renewing and obtaining additional credit lines, negotiating new payment terms with some suppliers and lessors, and implementation of its business continuity plan to ensure that sufficient cash is maintained to cover working capital requirements.

In addition, the Group has an omnibus line of credit with a number of Philippine banks consisting of commitments for short term loans, letters of credit and documents against acceptances/documents against payment (DA/DP) facilities trust receipts. As at December 31, 2020 and 2019, the total commitment under the line of credit is ₱1,115,000,000 and ₱1,000,000,000, respectively. As at December 31, 2020 and 2019, the Group has drawn ₱983,012,500 and ₱893,892,480, respectively. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates (see Note 12).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements of the Group:

	2020				
	Carrying Amount	**Contractual Cash Flow**	**6 Months or Less**	**6-12 Months**	**1-5 Years**
Other Financial Liabilities					
Trade and other payables	**₱1,846,449,268**	**₱1,846,449,268**	**₱1,846,449,268**	**₱–**	**₱–**
Short-term and long-term loans payable	**4,130,757,888**	**4,424,509,825**	**1,244,229,193**	**365,487,377**	**2,814,793,255**
Lease liabilities	**815,841,312**	**1,559,186,279**	**251,463,539**	**250,308,863**	**1,057,413,877**
Deposits	**90,941,546**	**90,941,546**	**–**	**–**	**90,941,546**
	₱6,883,990,014	**₱7,921,086,918**	**₱3,342,142,000**	**₱615,796,240**	**₱3,963,148,678**

** Excluding statutory payables amounting to ₱20,719,116.*

	2019				
	Carrying Amount	Contractual Cash Flow	6 Months or Less	6-12 Months	1-5 Years
Other Financial Liabilities					
Trade and other payables	₱1,841,261,450	₱1,841,261,450	₱1,841,261,450	₱–	₱–
Short-term and long-term loans payable	3,889,850,445	4,455,853,425	957,269,241	345,171,088	3,153,413,096
Lease liabilities	781,776,527	1,010,556,416	125,582,565	144,613,584	740,360,267
Deposits	97,807,175	97,807,175	–	–	97,807,175
	₱6,610,695,597	₱7,405,478,466	₱2,924,113,256	₱489,784,672	₱3,991,580,538

** Excluding statutory payables amounting to ₱138,630,807.*

The Group expects to meet its operating assets and liabilities, capital expenditure and investment requirements for the next 12 months primarily from the issuance of common shares.

On January 1, 2019 the stockholders approved the issuance of up to 1,300,147,488 common shares from the unissued capital stock through a private placement at a price based on a premium over the closing price of the shares of LRWC on November 29, 2018. The Board of Directors (BOD) approved and ratified the issuance and subscription of its 1,300,147,488 common shares at an issue price of ₱3.60 on the same date. In March and April 2019, 1,217,647,488 common shares were subscribed at ₱3.60 per share by virtue of the subscription agreements entered into by LRWC with its investors.

The proceeds from the issuance of common shares will be used to partially settle the Group's existing obligations, and finance its expansion programs, and working capital requirements to enable it to continue to operate as a going concern.

Market Risk

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

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

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

Foreign Currency Risk

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

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	2020		2019	
	In USD	**In PhP**	In USD	In PhP
Cash in banks	**$282,893**	**₱13,581,716**	$422,912	₱21,458,555
Trade receivables	**12,679,089**	**608,723,079**	4,527,482	229,724,437
Rental deposits	**416,748**	**20,008,071**	416,748	21,145,794
Trade and other payables	**(3,776,367)**	**(181,303,383)**	(2,929,891)	(148,662,669)
Net assets	**$9,602,363**	**₱461,009,483**	$2,437,251	₱123,666,117

The following are the significant exchange rates applied during the year:

	2020	2019
PHP average rate	**48.06**	50.77
PHP spot rate	**48.01**	50.74

Sensitivity Analysis

A 2% strengthening of the Philippine peso against the US dollars would have increased equity and net income by ₱9,220,154 in 2020 and increased equity and net income by ₱2,473,322 in 2019.

A 2% weakening of the Philippine peso against the US dollars as at December 31, 2020 and 2019 would have had the equal but opposite effect, on the basis that all other variables remain constant.

Interest Rate Risk

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

Management is tasked to minimize interest rate risk through interest rate swaps and options, and having a mix of variable and fixed interest rates on its loans. Presently, the Group's short-term and long-term bank loans are market-determined, with the long-term loan interest rates based on PSDT-R2 plus a certain mark-up. The Group has not entered into interest rate swaps and options during 2020 and 2019.

The sensitivity to a reasonably possible change in interest rates with all other variables held constant of the Group's profit before tax for the years ended December 31, 2020 and 2019 follows:

Change in Interest Rates (in Basis Points)	**2020**	2019
300bp rise	**(₱123,922,737)**	(₱14,512,333)
225bp rise	**(92,942,052)**	(10,884,249)
300bp fall	**123,922,737**	14,512,333
225bp fall	**92,942,052**	10,884,249

1 basis point is equivalent to 0.01%.

There is no other impact on the Group's equity other than those affecting the profit or loss.

Equity Price Risk

Equity price risk is such risk where the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The management strictly monitors the movement of the share prices pertaining to its investments. The Group is exposed to equity securities price risk because of investments held by the Group, which are classified in the consolidated financial position as financial asset at FVOCI (see Note 9).

The effect on equity, as a result of a possible change in the fair value of the Group's equity instruments held as AFS financial assets as at December 31, 2020, that could be brought by changes in equity indices with all other variables held constant, are as follows:

Change in Quoted Prices of Investments Carried at Fair Value	**2020**
Increase by 10%	**₱11,263,074**
Increase by 5%	**5,631,537**
Decrease by 10%	**(11,263,074)**
Decrease by 5%	**(5,631,537)**

Fair Values

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

Cash/Receivables/Due from Related Parties/Rental Deposits/Cash Performance Bonds/Performance Cash Deposits and Betting Credit Funds/Trade and Other Payables/Due to a Related Party/Deposits/Short-term Loans Payable

The carrying amounts of cash, receivables, due from related parties, trade and other payables, due to a related party and short-term loans payable approximate their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of rental deposits, cash performance bonds, performance cash deposits and betting credit funds and deposits approximate their fair values as management believes that the effect of discounting cash flows from these instruments is not significant.

Noncurrent Receivable
The fair value is based on the discounted value of future cash flows using the applicable risk-free rates. The fair value is under Level 3 of the fair value hierarchy.

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

Financial assets at FVOCI
The fair value of the FVOCI is based on the quoted market price of the investment in equity as at December 31, 2020 and 2019. The fair value is under Level 1 of the fair value hierarchy.

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

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

	2020	2019
Income (loss) before income tax	**(₱1,236,237,492)**	₱975,096,353
Total equity	**10,159,012,576**	13,111,270,705
	(12.17%)	7.44%

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at December 31, 2020 and 2019.

The Group has a business continuity plan in place to mitigate the loss of revenues as well as to lower the risks involved with its customers and clients. The Group ensures strict compliance with the safety protocols required by PAGCOR and all related government agencies when operations resumed in June 2020, so the playing public may gain confidence in playing within the Group's premises. Costs and expenses were also strictly monitored. The Group has been doing cost saving strategies in the prior year such as negotiating with lessors on the waiver or discount on rentals fees, negotiating with the bank for lower interest rates, reducing personnel cost as operations are still in reduced capacity, among others. As the COVID-19 pandemic has yet to come to an end, the Group will continuously review and revise the Group's business strategies.

SGV
Building a better working world

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Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Leisure & Resorts World Corporation
26th Floor, West Tower, PSE Center
Exchange Road, Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Leisure & Resorts World Corporation and Subsidiaries (collectively referred to as "the Company") as at and for the year ended December 31, 2020, included in this Form 17-A and have issued our report thereon dated May 30, 2021. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
SEC Accreditation No. 1558-AR-1 (Group A),
February 26, 2019, valid until February 25, 2022
Tax Identification No. 214-318-972
BIR Accreditation No. 08-001998-116-2019,
January 28, 2019, valid until January 27, 2022
PTR No. 8534306, January 4, 2021, Makati City

May 30, 2021

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Leisure & Resorts World Corporation
26th Floor, West Tower, PSE Center
Exchange Road, Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements Leisure & Resorts World Corporation and Subsidiaries (the Company) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated May 30, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
SEC Accreditation No. 1558-AR-1 (Group A),
February 26, 2019, valid until February 25, 2022
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January 28, 2019, valid until January 27, 2022
PTR No. 8534306, January 4, 2021, Makati City

May 30, 2021

COVER SHEET

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LEISURE & RESORTS WORLD
CORPORATION & SUBSIDIARIES
(Company's Full Name)

26th Floor, West Tower, PSE Center
Exchange Road Ortigas Center
Pasig City
(Business Address: No. Street City/Town/Province)

MS. LUCY DONG
(Contract Person)

+632 8637-5291 to 93
(Company Telephone Number)

12 31
Month *Day*
(Fiscal Year)

17-Q
(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2021**

2. Commission identification number **13174**

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

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

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

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

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

   +632 8637-5291 to 93
8. Issuer's telephone number, including area code

   NOT APPLICABLE
9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common	2,417,500,000/NA
Preferred	0/NA
Warrants	82,500,000/NA

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [/] No [ ]

12. Indicate by check mark whether the registrant:

    a.) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

    Yes [/] No [ ]

    b.) has been subject to such filing requirements for the past ninety (90) days.

    Yes [/] No [ ]

On March 16, 2018, BCGLC entered into a Lease and Technical Assistance Agreement with Entertainment Gaming Philippines, Inc. (EGP) for the lease of slot machines. By virtue of the Agreement, BCGLC shall be paid an amount equivalent to 16% of the Monthly Net Wins derived from the operations of the leased machines.

On January 19, 2019, BCGLC entered into an Asset Purchase Agreement with EGP for the sale of two (2) PAGCOR VIP Clubs at San Pedro Town Center, Laguna and Universal Park Mall, Sta. Cruz, Manila.

FCLRC

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

In the local scene, recent developments significantly affected FCLRC's business and operations due to the issuance on September 1, 2016 by the PAGCOR of the "Rules and Regulations for Philippine Offshore Gaming Corporations". The said PAGCOR Regulations was adopted to regulate the issuance of licenses which provide and participate in offshore gaming services or online games of chance via the Internet.

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following: (1) CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming; (2) CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements; (3) To protect FCLRC's interest and investment as the pioneer Licensor, CEZA effectively restricted itself from directly issuing Gaming Licenses to FCLRC's current and previous licensees; (4) All applicants for gaming licenses from CEZA shall post the amount of USD100 million as an investment commitment. In consideration of the significant actual and future investments attributable to FCLRC, CEZA shall credit such investments towards the investment commitment compliance of applications for gaming licenses coursed through FCLRC.

FCLRC owns 60% of the outstanding capital stock of FCCDCI.

LRDCSI

On May 20, 2016, LRDCSI was registered and incorporated with SEC. LRDCSI is a technology company engaged in aggregating data and telecommunication services. LRDCSI's revenue model involves acquiring services from local and foreign technology and telecommunication companies at wholesale rates, bundling said services and then reselling the services at retail rates.

The premium for such activity is warranted given the bespoke and higher level of customer engagement provided by LRDCSI. LRDCSI's portfolio includes solutions related to data center co-location, Internet, private leased lines, mobile and video platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in the industry sectors including land based and online gaming operators. LRWC owns 80% of the outstanding capital of LRDCSI while one of the incorporators owns the remaining 20%.

LRDCSI owns 20% of the outstanding capital stock of FCCDCI effective January 1, 2017.

LRDCSI commenced its commercial operations on October 1, 2017.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

LRWC is functioning as a holding company with minimal operations. The Company is focusing its endeavor in supporting the productivity programs of its subsidiaries as grouped in the following segments: **CASINO** (1) Prime Investment Korea, Inc. (PIKI - 100% owned), (2) Blue Chip Gaming and Leisure Corporation (BCGLC - 100% owned),(3) Gold Coast Leisure World Corp. (GCLWC - 100% owned); **ONLINE** (4) First Cagayan Leisure and Resort Corporation (FCLRC - 69.68% owned),(5) LR Data Center and Solutions, Inc. (LRDCSI - 80% owned), (6) First Cagayan Converge Data Center Inc. (FCCDCI - 57.8%); **RETAIL** (7) AB Leisure Exponent, Inc. (ABLE - 100% owned), (8) Total Gamezone Xtreme, Inc. (TGXI - 100% owned); and **PROPERTY** (9) AB Leisure Global, Inc. (ABLGI - 100% owned), (10) LR Land Developers, Inc. (LRLDI - 100% owned).

PIKI

PIKI was registered with Philippine Securities and Exchange Commission (SEC) on November 9, 2012 and started its commercial operations on July 26, 2013. Its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property. 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.

BCGLC and GCLWC

On April 27, 2011, LRWC acquired 70% of BCGLC's outstanding capital stock. BCGLC operates Slot Arcades at the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga under a license issued by the PAGCOR. On July 24, 2015, BCGLC incorporated a subsidiary, GCLWC. GCLWC was incorporated to comply with Section 18, Chapter III of the Implementing Rules and Regulations of Republic Act No. 7227. GCLWC obtained its Certificate of Registration in Subic Bay Metropolitan Authority on August 2, 2016. On December 1, 2015, LRWC acquired the remaining 30% of BCGLC bringing its total ownership to 100%.

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

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

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

FCCDCI

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 November 14, 2007. The joint venture corporation was formed to engage in the business of information technology such as IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution, premium dial up access, voice over internet protocol, IP-wide area network services and other value-added services. Presently, FCCDCI provides a range of services to Internet Gaming Operators at the CSEZFP for a fee.

FCCDCI commenced its commercial operations on January 1, 2008. IPVG Corp. acquired IPCDCC's interest in FCCDCI and entered into a Deed of Subscription of Rights with IP E-Games Ventures, Inc. (IP E-Games), whereby IPVG Corp. assigned 9,999,998 shares of stock in FCCDCI with a par and issue value of ₱1. The assignment was made effective January 1, 2009. However, on April 13, 2011, the Board of Directors of both IP E-Games and IPCDCC jointly approved the sale of IP E-Games' 40% equity stake in FCCDCI for a total consideration of ₱120.0 million.

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

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

By virtue of the Deed of Absolute Sale of Share of Stock entered into by IPVI and LRDCSI, LRWC obtained a 57.808% effective interest and control in FCCDCI through its direct subsidiaries FCLRC and LRDCSI at 60% and 20% equity stake in FCCDCI, respectively. Thus, due to the effect of the 20% additional equity interest, FCCDCI is consolidated into the Group effective January 1, 2017.

ABLE

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

Site Count and Site Acquisitions

In 2017, ABLE through its subsidiaries, opened additional nine (9) sites, of which three (3) sites were built in the following locations: (1) Il Centro Sta. Lucia; (2) Imall Camarin Caloocan; and (3) Robinsons Las Pinas. The remaining six (6) sites were acquired by ABLE through its subsidiaries in the following areas: (4) St. Thomas Square, Matalino Quezon City; (5) Tanjuatco Building, Tanay; (6) FRC Mall Bacoor, Cavite; (7) Northwalk San Fernando, Pampanga; (8) Puregold Novaliches; and (9) ATI Building Don Domingo Centro 2 Tuguegarao. This resulted in goodwill amounting to ₱48.7 million.

In September 2018, ABLE opened two (2) new sites in the following locations: (1) GD Plaza Guiguinto Bulacan and (2) Mactan Marina Mall.

ABLE permanently closed four (4) sites in 2017 and two (2) sites in 2018.

In 2019, Retail Group opened 6 new sites.

As of March 31, 2021, ABLE has a total of 140 operational sites nationwide.

Corporate Income Tax
On April 17, 2013, the applicability of RMC No. 33-2013 was clarified by PAGCOR in a Memorandum dated 09 July 2013 stating: "Pursuant to RMC No. 33-2013, PAGCOR's contractees and licensees, which include bingo grantees, are subject to income tax, under the National Internal Revenue Code (NIRC), as amended, and no longer subject to the 5% franchise tax. In view thereof, please be advised that effective the third quarter of this year, bingo grantees should no longer remit the 5% franchise tax. However, you ("bingo grantees") are now subject to income tax."

Hence, starting the second quarter of 2013, ABLE has stopped paying the 5% Franchise Tax to PAGCOR and began recognizing provisions for income tax instead.

On April 6, 2018, PAGCOR issued a Memorandum, through its Assistant Vice President, GLDD, stating that on April 4, 2018, PAGCOR's BOD approved the reversion to 5% Franchise tax on income from bingo game operations and bingo sites. The implementation of the 5% Franchise tax on bingo game offerings shall take effect on January 1, 2018. By the virtue of the memorandum issued, ABLE no longer recognized provision for income tax starting January 1, 2018.

<u>TGXI</u>
On July 21, 2014, LRWC entered into an Asset and Share Purchase Agreement with Premiere Horizon Alliance Corporation (PHAC) to purchase the latter's 100% stake in TGXI, the assignee and purchaser of the assets, rights and interests of Digiwave Solutions, Inc. (DSI), the operator and licensee of PAGCOR e-games stations.

Site Count
Due to the expiration of IPLMA license of Philweb last August 10, 2016, TGXI closed three (3) of its sites as well as 1,494 terminals in its 51 other sites.

The following month, TGXI received notices from PAGCOR informing that the PAGCOR's BOD issued an order to immediately cease the operations of its Electronic Games at its 17 sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Bingo Games version 2.0. In response to this, LRWC sent a letter of reconsideration to PAGCOR.

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

In February 2017, PAGCOR further allowed another site to be re-opened, while management decided to permanently close 12 sites.

In 2018, management decided to permanently close four (4) sites and open one (1) site.

As of March 31, 2021, TGXI has 31 operational sites.

<u>ABLGI</u>
On January 14, 2011, LRWC and 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, ABLGI, LRWC, Belle, Belle Grande Resource Holdings, Inc. ("BGRHI"), and PLAI entered into a Memorandum of Agreement ("ABLGI MOA") effectively terminating its ABLGI Agreements. In consideration for the waiver of the Company's rights under the ABGLI Agreements, Belle and PLAI have agreed to pay the Company, among others, an amount equivalent to the 30% interest in the net lease income of the Project and the 30% share in the gaming revenue derived therefrom. These are to be paid to ABLGI 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 BGHRI as funding to the project and provided that such shall be treated as a loan payable in annual installments commencing on the fifth anniversary of the transfer date. As such, the difference between the 30% share in the net lease income of the Project and the principal and interest payments on the ABLGI advance will be considered as the annual compensation fee.

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

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

In 2017, ABLGI incorporated 7 direct and indirect subsidiaries as follows:

Company	Incorporation Date	Nature of Business
AB Leisure Asia Holdings Inc.	August 30, 2017	Holding Company
AB Leisure Holdings Philippines Corp.	September 6, 2017	Holding Company
G-L Real Estate JV Corporation	September 15, 2017	Real Estate
G Boracay Land Holdings Inc.	October 10, 2017	Holding Company
G Boracay Alpha Holding Corp.	October 18, 2017	Holding Company
G Boracay Beta Holding Corp.	October 18, 2017	Holding Company
G Boracay Gamma Holding Corp.	October 18, 2017	Holding Company

In October 2017, LRWC signed an Omnibus Loan and Security Agreement (OLSA) for Two Billion Five Hundred Million Pesos (Php 2,500,000,000.00) with BDO Unibank, Inc. - Trust and Investment Group as Security Trustee and the Company, LRWC as Surety, for the acquisition, through its subsidiary, of 23 hectares of land property in Boracay for future project. The land properties were acquired the same year.

<u>LRLDI</u>

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

LRLDI is also committed in supporting the development of Cagayan Special Economic Zone and Free Port (CSEZFP). In executing an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), LRLDI has established its support by investing funds into the Lal-Lo Airport Project, Cagayan Economic

Zone and Freeport (CEZFP) International Airport Project, and other facilities within the CSEZFP. These projects aim to improve and further advance CSEZFP into a self-sustaining industrial zone.

LRLDI has significant land properties in Cagayan which are carried at fair value.

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

On November 4, 2019, LRLDI sold the 50% interest of TPI shares for the selling price of ₱1,750,000,000 of which ₱1,000,000,000 was paid in cash while the remaining balance of ₱750,000,000 is payable in 10 years.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AS AGAINST MARCH 31, 2020

CORONAVIRUS PANDEMIC

On January 31, 2020, the World Health Organization ("WHO") declared the novel coronavirus acute respiratory disease (now COVID-19) health event as a public health emergency of international concern.

On March 14, 2020, Philippine President Rodrigo Duterte placed Metro Manila under "Enhanced Community Quarantine" (ECQ). On March 16, 2020, the ECQ was expanded to cover the entire Luzon island. The ECQ, which is effectively a lockdown, restricts the movement of the population to contain the pandemic. The ECQ mandated the temporary closure of non-essential shops and businesses. In line with the declaration of ECQ in Metro Manila, PAGCOR announced on March 15, 2020 that casino operations would be suspended for the duration of the quarantine. The temporary closure applied to PAGCOR-operated casinos, all licensed and integrated resort casinos, electronic games (eGames), bingo (traditional and electronic), sports betting, poker, slot machine clubs and other activities regulated by PAGCOR. Accordingly, all gaming operations of the Group were suspended to comply with PAGCOR's directive.

The ECQ was originally set to last until April 12, 2020 but was extended three (3) times up to May 15, 2020, particularly for Metro Manila and other high-risk COVID-19 areas in Luzon. On May 16, 2020, the government transitioned Metro Manila from ECQ to "Modified Enhanced Community Quarantine" (MECQ). On June 1, 2020, MECQ in Metro Manila and other areas was relaxed to the "General Community Quarantine" (GCQ). On August 4, 2020, Metro Manila and other areas in Luzon were placed under MECQ and were reverted to GCQ on August 19, 2020. Due to the resurgence in COVID-19 cases, Metro Manila and nearby provinces were reverted to ECQ starting March 29, 2021 and were transitioned to less restrictive MECQ on April 12, 2021.

In June 2020, PAGCOR announced that they would allow resumption of gaming sites located on low-risk areas placed under "Modified General Community Quarantine" (MGCQ). Gaming sites within the areas under MGCQ would be allowed to operate at 50% operational capacity, except for Traditional Bingo Halls, which falls under mass gathering, thus, remain suspended. On June 18, 2020, PAGCOR further allowed gaming sites to conduct dry run operations (at 30% operating capacity) on areas under GCQ.

Due to the resurgence in COVID-19 cases in March 2021, Metro Manila and nearby provinces were reverted to ECQ starting March 29, 2021 and were transitioned to the less restrictive MECQ on April 12, 2021. As such, gaming sites within Metro manila and nearby provinces were suspended from March 29, 2021 and awaits guidance from PAGCOR on reopening.

GROSS PROFIT

Breakdown of gross gaming revenues and its related direct costs are as follows:

	For the three months ended March 31			
	2021	2020	Change	% Change
CASINO				
Income from junket operations	₱-	₱358,977,675	(₱358,977,675)	-100.0%
Casino gaming revenues	171,235,994	429,970,419	(258,734,425)	-60.2%
	171,235,994	788,948,094	(617,712,100)	-78.3%
ONLINE				
Service and hosting fees	87,779,935	79,817,122	7,962,813	10.0%
Bandwidth and co-location	86,394,800	135,687,472	(49,292,672)	-36.3%
	174,174,735	215,504,594	(41,329,859)	-19.2%
RETAIL				
Electronic bingo	809,689,581	1,373,489,222	(563,799,641)	-41.0%
Electronic games	124,326,031	198,824,404	(74,498,373)	-37.5%
Rapid bingo	41,743,660	60,685,560	(18,941,900)	-31.2%
Pull tabs	2,740,520	4,430,540	(1,690,020)	-38.1%
Traditional bingo	-	423,795,592	(423,795,592)	-100.0%
	978,499,792	2,061,225,318	(1,082,725,526)	-52.5%
PROPERTY				
Rent income	9,181,298	5,621,304	3,559,994	63.3%
Total gross gaming revenues	1,333,091,819	3,071,299,310	(1,738,207,491)	-56.6%
Franchise fees and taxes	488,074,141	929,832,837	(441,758,696)	-47.5%
Partner's share	188,607,720	640,816,257	(452,208,537)	-70.6%
Vendor share	173,527,776	287,264,796	(113,737,020)	-39.6%
Payout	47,335,400	344,086,858	(296,751,458)	-86.2%
Costs of bandwidth and co-location	46,127,485	120,129,038	(74,001,553)	-61.6%
Other direct costs	9,056,136	6,918,556	2,137,580	30.9%
Total direct costs	952,728,658	2,329,048,342	(1,376,319,684)	-59.1%
Gross profit	₱380,363,161	₱742,250,968	(₱361,887,807)	-48.8%

Consolidated Gross Profit

Consolidated Gross Profit decreased by ₱361.9 million or 48.8% due to the decline of gross gaming revenue from all segments except property. Result of operations was affected by the continuous community quarantine measures implemented by the Philippine government in relation to the COVID-19.

Casino

PIKI (Income from junket operations) remained non-operational since the start of community lockdown in mid-March 2020 up to present, resulting in a decline of ₱359.0 million or 100.0% in gross gaming revenue.

BCGLC and GCLWC (Casino gaming revenues) registered lower turnover figures in the first quarter of 2021 at ₱3.3 billion as compared to ₱7.7 billion in the first quarter of 2020. This resulted in the decline in gross gaming revenue of ₱258.7 million or 60.2% in 2021 Q1 as compared to the same period last year. The decrease was due to closing of Universal site and limited operating time and capacity because of the COVID-19 pandemic.

Online
FCLRC generated ₱87.8 million gross revenues during the first quarter of 2021, an increase of ₱8.0 million or 10.0% from last year's first quarter of ₱79.8 million. The growth can be attributed to various renewals of CEZA Licensees and higher revenues reported by existing licensees.

FCCDCI and LRDCSI's combined gross revenue from bandwidth and co-location in 2021 Q1 amounted ₱86.4 million, a decline of ₱49.3 million or 36.3% as compared to 2020 The decline is primarily due to repricing of data services and terminations or downgrades of services from several customers.

The decreases in Online segment gross revenues can also be attributed as the direct effect of the community quarantine implemented because of the COVID-19 pandemic.

Retail
ABLE and its subsidiaries generated total gross gaming revenues of ₱873.6 million for the first quarter of 2021, a decrease of ₱1,001.9 million or 53.4% from ₱1,875.5 million for the same period last year. The significant decrease in gross gaming revenues was primarily due to the revenue decline in: (1) Electronic bingo (E-bingo) by ₱563.8 million or 41.0%; (2) Traditional bingo by ₱423.8 million or 100.0%; and (3) Rapid bingo by ₱18.9 million or 31.2%.

E-Bingo remained to be ABLE's principal product line as its contribution has been increasing faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. For the first quarter of 2021, E-Bingo represented 94.9% of ABLE's total revenues or ₱827.7 million as compared to the 73.2% contribution amounting to ₱1,373.5 million during the same period last year. As of March 31, 2021, there were a total of 10,580 E-Bingo machines in 139 bingo parlors as compared to 10,978 E-Bingo machines in 152 bingo parlors as of March 31, 2020. As of March 31, 2021, there were a total of 1,544 operational E-bingo machines in 45 bingo parlors.

During the first quarter of 2021, Rapid bingo contributed ₱41.7 million or 4.8% of ABLE's total revenues as compared to ₱60.7 million or 3.2% contribution to total revenues for the same period last year.

TGXI generated gross gaming revenues from electronic games amounting to ₱104.9 million, ₱69.0 million or 39.7% lower than the same period of previous year.

Property
Since the effectivity of the Termination Agreement with Belle Group on March 31, 2017, ABLGI's sole source of revenue was the rent income from the lease of Binondo Suites. Rent income generated amounted to ₱2.1 million for the quarter.

LRLDI generated rent income from its lease of Cyberpark Buildings 1 and 2. Rent income for the first quarter of 2021 amounted to ₱6.2 million.

OPERATING EXPENSES

Breakdown of operating expenses are as follows:

	For the three months ended March 31			
	2021	2020	Change	% Change
People expenses	₱145,986,314	₱250,759,293	(₱104,772,979)	-41.8%
Rentals and utilities	148,360,080	254,784,969	(106,424,889)	-41.8%
Depreciation and amortization	58,091,951	86,637,953	(28,546,002)	-32.9%
Advertising and promotion	3,452,356	56,589,461	(53,137,105)	-93.9%
Taxes and licenses	28,576,853	46,482,594	(17,905,741)	-38.5%
Professional and directors' fees	6,112,796	7,953,316	(1,840,520)	-23.1%
Repairs and maintenance	4,881,821	8,824,895	(3,943,074)	-44.7%
Travel and transportation	1,023,403	6,993,790	(5,970,387)	-85.4%
Interest expense - net	66,574,757	68,447,284	(1,872,527)	-2.7%
Supplies	3,275,230	2,078,208	1,197,022	57.6%
Income tax expense (benefit)	1,309,394	2,772,780	(1,463,386)	-52.8%
Others	25,390,181	73,942,031	(48,551,850)	-65.7%
	₱493,035,136	₱866,266,574	(₱373,231,438)	-43.1%

Overall operating expenses decreased by ₱373.2 million or 43.1% for the first quarter of 2021. There were notable decreases in expenses such as: (a) People expenses by 41.8%; (b) Rental and utilities by 41.8%; (c) Advertising and promotion by 93.9%; (d) Taxes and licenses by 38.5%; (e) Repairs and maintenance by 44.7%; and (f) Travel and transportation by 85.4%. Decreases in expenses were due to the Group's continuing efforts to strictly monitor and manage operational expenses.

CONSOLIDATED NET INCOME

Net income details as follows:

	For the three months ended March 31			
	2021	2020	Change	% Change
Gross gaming revenues	₱1,333,091,819	₱3,071,299,310	(₱1,738,207,491)	-56.6%
Direct costs	(952,728,658)	(2,329,048,342)	1,376,319,684	-59.1%
	380,363,161	742,250,968	(361,887,807)	-48.8%
Operating expenses	(493,035,136)	(866,266,574)	373,231,438	-43.1%
Net Operating loss	(112,671,975)	(124,015,606)	11,343,631	-9.1%
Equity share in net income of a joint venture	-	19,521,971	(19,521,971)	-100.0%
Other income - net	2,637,325	1,095,198	1,542,127	140.8%
Net loss after tax	(110,034,650)	(103,398,437)	(6,636,213)	6.4%
Minority interest	(15,572,985)	(4,583,768)	(10,989,217)	239.7%
Net loss attributable to Parent Company	(₱125,607,635)	(₱107,982,205)	(₱17,625,430)	16.3%

As a result of the foregoing developments, the Group posted a consolidated net loss (net of minority share) during the first quarter of 2021 amounting to ₱125.6 million or an increase of 16.3% from last year's first quarter consolidated net loss of ₱107.9 million. The increase was mainly due to the significant decrease in gross gaming revenues partially offset by decrease in operating expenses.

Net income distribution per business segment is as follows:

	For the three months ended March 31			
	2021	2020	Change	% Change
CASINO				
BCGLC	**(₱14,569,071)**	₱42,072,820	(₱56,641,891)	-134.6%
PIKI	**(13,141,534)**	(11,681,858)	(1,459,676)	12.5%
HEPI*	**-**	19,521,971	(19,521,971)	-100.0%
	(27,710,605)	49,732,933	(77,623,538)	-155.5%
ONLINE				
FCLRC	**27,298,578**	8,614,603	18,683,975	216.9%
FCCDCI/LRDCSI	**17,220,772**	(4,835,380)	22,056,152	-456.1%
	44,519,350	3,779,223	40,740,127	1078.0%
RETAIL				
ABLE and subsidiaries	**(45,198,037)**	(68,932,950)	23,734,912	-34.4%
TGXI	**(3,662,016)**	5,092,635	(8,754,651)	-171.9%
	(48,860,053)	(63,840,315)	14,980,261	-23.5%
PROPERTY				
ABLGI	**(34,528,075)**	(42,624,555)	8,096,480	-19.0%
LRLDI	**1,277,040**	(1,238,407)	2,515,447	-203.1%
	(33,251,035)	(43,862,962)	10,611,927	-24.2%
LRWC (PARENT COMPANY)	**(60,305,292)**	(53,971,084)	(6,334,208)	11.7%
Consolidated net loss	**(₱125,607,635)**	(₱107,982,205)	(₱17,625,431)	16.3%

*equity share in joint venture/associate

Financial Condition - March 31, 2021 vs. December 31, 2020

On a consolidated basis, the financial position of LRWC and its subsidiaries - PIKI, BCGLC, FCLRC, LRDCSI, FCCDCI, ABLE, TGXI, ABLGI, and LRLDI - continue to be on solid ground. Total assets as of March 31, 2021 amounted to ₱18.6 billion, although there was a slight decrease of ₱78.4 million or 0.4% as compared to last year's balance of ₱18.7 billion.

Cash Flows - Three Months Ended March 31, 2021 vs. March 31, 2020

Cash balance as of March 31, 2021 of ₱338.9 million represented a decrease of ₱35.1 million from December 31, 2020 mainly due to financing activities such as payment of loan which amounted to ₱153.0 million which was offset by cash inflows from operating and investing activities which amounted to ₱101.4 million and ₱16.5 million, respectively.

Discussion and Analysis of Material Events and Uncertainties Known to Management

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

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

PLANS FOR 2021

RETAIL

In 2020, the Retail Group continued to elevate its standards, constantly adapting to the changing business atmosphere brought by the pandemic while prioritizing the health and safety of our people. Our teams have showed great resilience and adaptability as the crisis prolonged and heavily impacted our retail operations. In particular, our branches experienced closures following quarantine declarations and government-mandated lockdowns. However, our good relations with our suppliers and leasing partners paved the way for the essence of "Bayanihan to Heal as One" to prevail as we were able to negotiate waivers and favorable concessions. We also implemented other cost optimization strategies. Aside from these fire-fighting steps, we also have an ultimate goal of securing a sustainable future for our business and continue to deliver value to all our stakeholders, hence, the need to innovate and adapt to the changing consumer and business landscape.

For 2021, we will remain headstrong towards embracing change and setting the business on a path of growth and innovation. Our ambition is to pivot our business and gain new revenue streams via digital transformation (e.g., online games). At the same time, we shall continue to achieve operational efficiencies by streamlining processes as well as reskilling our human capital to ensure an agile and dynamic workforce. It is also our commitment to reduce our debts through restructuring, as well as optimize our costs at branch level, including negotiating for rent concessions. We shall continue to improve our relations with our vendors, so that we can rally for their support of our growth and innovation plans. We also expect COVID-19 restrictions to ease in the 2nd half of the year, thus, we also project an increase in GGR alongside the increase in operational sites. We plan to leverage on this by extending operating hours in strategic sites and re-igniting customer relations.

We shall continue to support our employees, customers, suppliers and communities while shifting our focus towards innovation, profit maximization and cost mitigation measures in our operations. Hopefully, when the time is right, we may then re-visit our expansion plans which were previously in the pipeline prior to COVID-19.

CASINO

Product Improvement

Product improvement is the process of making meaningful product changes that result in new customers or increased benefits realized by existing customers. BCGLC will replace the existing old model of EGM and ETG to the latest models available.

At the same time, BCGLC will also replace the non-performing EGM such with those games that have proven its performance in major casinos in the Philippines in order to maximize the gaming revenue.

Marketing and Promotion

BCGLC marketing plan in 2021 will be based on the following: (1) Product - increase the game mix; (2) Price - various denomination games installed in each club to attract all level of players; and (3) Promotion - intense marketing activities will be held on a weekly, monthly and quarterly basis.

Club Enhancement

Transform the traditional PAGCOR VIP Club to a boutique style casino which allow customers to enjoy their playing time in a quiet and cozy gaming room.

ONLINE/PROPERTY

Following the clarification of the government's position regarding the licensing and regulation of entities involved in online gaming operations and ancillary support services through the issuance of Executive Order 13 in February 2017, FCLRC initiated efforts to put in place the critical elements that are necessary for the CSEZFP to regain its historical status of being the premier online gaming jurisdiction in Asia. Specifically, FCLRC has identified and taken steps to address the following:

Accessibility

FCLRC has determined that the main gateway to the CSEZFP will be through the Cagayan North International Airport (CNIA) located in the municipality of Lal-lo, approximately 80 kilometers southwest of FCLRC's business operations in Santa Ana. LRWC, through its wholly-owned subsidiary LR Land, funded over 50% of the development cost of CNIA through advances to airport owner and operator Cagayan Premium and may convert such advances into majority equity in the airport owner in the future. CEZA provided the other 50% funding for CNIA.

In 2018, a chartered airline servicing one of the locators in Santa Ana successfully launched its maiden flight between Macau and Lal-lo. The chartered airline now flies two round trips a week from Lal-lo to Macau. Also, in 2018, consultants were engaged to assist Cagayan Premium to obtain the authorization from the CAAP for CNIA to operate as a commercial airport. It is expected that with the appointment of trained airport personnel, planned upgrade of the passenger terminal, procurement of ground handling equipment and installation of navigational systems by the 4th quarter of 2020, CNIA will finally be able to operate as a fully-functional commercial airport.

Master-planned Business Park

Initially focusing on its leased 10-hectare property in Santa Ana (Cyberpark) for development, FCLRC is expanding its plans to cover a significantly larger area beyond Cyberpark. In doing so, FCLRC can properly envision and execute a master-planned development that incorporates office, residential and retail commercial buildings as well as recreational areas into a self-contained community catering to online gaming and financial technology companies. FCLRC expects actual master-planning work to commence late in the second quarter or early in the third quarter of 2020. Horizontal land development preparatory work should begin shortly after.

Licenses

To provide the appropriate regulatory environment to its infrastructural development plans, FCLRC successfully renewed its master licensor from CEZA in 2017. In addition, FCLRC was also awarded by CEZA the first land-based casino license in CSEZFP in late 2018. For 2020, FCLRC is angling to obtain a principal financial technology license and explore opportunities involving blockchain technology and cryptocurrency.

FCCDCI and LRDCSI, has built a robust data network infrastructure in Cagayan that is connected to its Metro Manila facilities. Together, both the Cagayan and Metro Manila nodes offer world-class internet connectivity that is essential to online gaming operators. These nodes are, in turn, connected to LR Data nodes located in other countries in the Asia Pacific region. For 2018, additional capital expenditures are programmed to further improve the quality of this data network infrastructure and a new Tier One data center will be on the drawing board. For 2020, additional capital expenditures are programmed to improve facilities in both Cagayan and Manila as follows:

In Cagayan:

1. Initiate the plan including timelines and BOM for a redundancy path for the underground fiber facilities to further improve the stability and uptime of network facilities in the zone. Project implementation will be dependent on management direction and approval.
2. Expand the fiber network in preparation for new CEZA enterprise locators as well as the planned developments of LRLDI and FCLRC.
3. Maximize use of existing fiber optic network to cater to retail markets within the zone.
4. As planned in 2018, LRDCSI will move forward on the new data center facility in the zone and come up with the terms-of-reference for a purpose-built Tier-3 modular data center.

In Manila:

1. Complete the procurement of network equipment to enable end-to-end MPLS services further improving network service performance.
2. Maximize existing Cloud infrastructure to cater to more enterprise and non-gaming customers in Manila.
3. Extend the LRDATA cloud services to Taiwan thru the existing LRDATA Taiwan node to cater to growing gaming BPO operations in the country.
4. Explore other VAS opportunities that may be offered not just to gaming customers but also to other enterprise customers.

PART II – OTHER INFORMATION

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

SIGNATURES

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

Registrant: **LEISURE & RESORTS WORLD CORPORATION**

Signature and Title : NGAN BUN CHEUNG, President
Date: JUN 0 1 2021

Signature and Title: LUCY DONG, Deputy Chief Financial Officer
Date: JUN 0 1 2021

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	March 31, 2021	December 31, 2020
ASSETS			
Current Assets			
Cash	4	**₱296,550,644**	₱373,974,300
Receivables	5	**1,128,960,211**	1,117,498,741
Lease receivables - current		**2,188,441**	2,188,441
Due from related parties	14	**155,000,000**	155,000,000
Prepaid expenses and other current assets	6	**186,359,053**	166,526,570
Total Current Assets		**1,769,058,349**	1,815,188,052
Noncurrent Assets			
Property and equipment - net	7	**1,510,763,173**	1,568,544,893
Lease receivables - net of current portion		**18,231,116**	18,231,116
Receivables - net of current portion		**502,052,885**	502,052,885
Investment properties	8	**10,062,793,551**	10,058,095,750
Investments and advances	9	**2,269,922,296**	2,190,594,760
Financial assets at fair value through other comprehensive income (FVOCI)		**112,630,736**	112,630,736
Goodwill	13	**1,329,092,293**	1,329,092,293
Other noncurrent assets - net	10	**988,798,335**	1,014,267,706
Total Noncurrent Assets		**16,821,206,190**	16,868,881,637
		₱18,563,342,734	₱18,684,069,689
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	**₱1,941,132,358**	₱1,867,168,384
Short-term loans payable	11	**971,546,137**	983,012,500
Current portion of:	11		
Long-term loans payable		**428,425,715**	468,137,132
Lease liabilities		**237,288,248**	237,998,769
Income tax payable		**8,976,479**	7,667,086
Total Current Liabilities		**3,587,368,937**	3,563,983,871
Noncurrent Liabilities			
Long-term loans payable - net of current portion	11	**2,645,124,725**	2,679,608,256
Lease liabilities - net of current portion		**577,842,543**	577,842,543
Retirement benefits liability		**146,808,654**	146,808,654
Deposits		**91,347,704**	90,941,546
Deferred tax liabilities		**1,465,872,243**	1,465,872,243
Total Noncurrent Liabilities		**4,926,995,869**	4,961,073,242
		8,514,364,806	8,525,057,113

	March 31, 2021	December 31,2020
Equity		
Equity Attributable to the Parent Company		
Capital stock	**₱4,067,500,000**	₱4,067,500,000
Additional paid-in capital - common	**4,263,308,184**	4,263,308,184
Treasury shares	**(1,703,950,505)**	(1,703,950,505)
Retirement benefits reserve	**(18,336,411)**	(18,336,411)
Fair value reserve	**6,503,146**	6,503,145
Foreign currency translation reserve	**(2,099,981)**	(2,099,981)
Other reserve	**(19,488,495)**	(19,488,495)
Retained earnings	**3,042,763,722**	3,168,371,357
	9,636,199,661	9,761,807,294
Non-controlling Interests	**412,778,267**	397,205,282
Total Equity	**10,048,977,928**	10,159,012,576
	₱18,563,342,734	₱18,684,069,689

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Period Ended March 31	
	2021	2020
REVENUES		
Electronic bingo	**₱636,161,805**	₱1,086,224,426
Service and hosting fees	**86,543,230**	79,817,122
Bandwidth and co-location	**86,394,800**	135,687,472
Rent income	**69,113,895**	150,370,168
Commission income	**47,021,707**	81,076,776
Rapid bingo	**41,743,660**	60,685,560
Pull tabs	**2,740,520**	4,430,540
Revenue from sub-lease	**1,236,705**	-
Traditional bingo	**-**	423,795,592
Income from junket operations	**-**	121,130,601
	970,956,322	2,143,218,257
COSTS AND OPERATING EXPENSES		
Franchise fees and taxes	**488,074,141**	929,832,837
Rent	**97,148,850**	177,103,460
Salaries and other benefits	**85,313,711**	91,527,370
Contracted services	**60,672,603**	159,231,923
Depreciation and amortization	**58,091,951**	86,637,953
Bandwidth and co-location costs	**52,905,739**	120,129,038
Communications and utilities	**51,211,230**	77,681,509
Payouts	**47,335,400**	344,086,858
Taxes and licenses	**28,576,853**	46,482,594
Professional and directors' fees	**6,112,796**	7,953,316
Repairs and maintenance	**4,881,821**	8,824,895
Advertising and promotion	**3,452,356**	56,589,461
Playing cards	**1,893,691**	2,078,208
Transportation and travel	**1,023,403**	6,993,790
Others	**29,049,601**	80,860,587
	1,015,744,146	2,196,013,799
OPERATING LOSS	**(44,787,825)**	(52,795,542)

(Forward)

	Period Ended March 31	
	2021	2020
OTHER INCOME (EXPENSES) – Net		
Finance expense	(₱66,600,634)	(₱68,539,100)
Equity in net earnings of joint ventures	-	19,521,971
Finance income	25,877	91,816
Foreign exchange gain (loss) - net	(1,402,218)	-
Other income - net	4,039,543	1,095,198
	(63,937,432)	(47,830,115)
LOSS BEFORE INCOME TAX	(108,725,256)	(100,625,657)
PROVISION FOR INCOME TAX	1,309,394	2,772,780
NET LOSS	(110,034,650)	(103,398,437)
Equity Holders of the Parent Company	(125,607,635)	(107,982,205)
Non-controlling interest	15,572,985	4,583,768
	(₱110,034,651)	(₱103,398,437)
Basic Earnings Per Share	(₱0.0520)	(₱0.0447)
Diluted Earnings Per Share	(0.0520)	(0.0447)

Basic earnings per share is computed as follows:

	For the Three Months Ended March 31	
	2021	2020
Total Comprehensive Income attributable to ordinary stockholders of the Parent Company (a)	**(₱125,607,635)**	(107,982,205)
Adjusted weighted average number of shares outstanding (b)	**2,417,500,000**	2,417,500,000
Basic earnings per share (a/b)	**(₱0.0520)**	(₱0.0447)

Diluted earnings per share is computed as follows:

	For the Three Months Ended March 31	
	2021	2020
Total Comprehensive Income attributable to ordinary stockholders of the Parent Company *(a)*	**(₱125,607,635)**	(₱107,982,205)
Adjusted weighted average number of shares outstanding *(b)*	**2,417,500,000**	2,417,500,000
Effect of dilutive potential common shares* *(c)*	**80,675,000**	80,675,000
Adjusted weighted average number of shares outstanding (d=b+c)	**2,498,175,000**	2,498,175,000
Diluted earnings per share (a/d)**	**(₱0.0520)**	(₱0.0447)

**Adjusted for the convertible preferred shares.*

***The effect of the convertible warrants is antidilutive.*

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

For the Three Months Ended March 31, 2021

	Attributable to Owners of the Parent Company											
	Capital Stock		Additional Paid-in Capital - Common	Treasury Shares	Retirement Benefits Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
	Common Shares	Preferred Shares										
Balance at January 1, 2021	₱2,417,500,000	₱1,650,000,000	₱4,263,308,184	(₱1,703,950,505)	(₱18,336,410)	₱6,503,146	(₱2,099,981)	(₱19,488,495)	₱3,168,371,357	₱9,761,807,296	₱397,205,282	₱10,159,012,578
Net loss for the year	-	-	-	-	-	-	-	-	(125,607,635)	(125,607,635)	15,572,985	(110,034,650)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	(125,607,635)	(125,607,635)	15,572,985	(110,034,650)
Balance at March 31, 2021	₱2,417,500,000	₱1,650,000,000	₱4,263,398,184	(₱1,703,950,505)	(₱18,336,410)	₱6,503,146	(₱2,099,981)	(₱19,488,495)	₱3,042,763,722	₱9,636,199,661	₱412,778,267	₱10,048,977,928

For the Three Months Ended March 31, 2020

	Attributable to Owners of the Parent Company											
	Capital Stock		Additional Paid-in Capital - Common	Treasury Shares	Retirement Benefits Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
	Common Shares	Preferred Shares										
Balance at January 1, 2020	P2,417,500,000	P1,650,000,000	₱4,263,308,184	(₱90,411,278	(₱9,492,946	₱598,2333	(₱2,099,981)	((₱19,488,495)	₱4,466,661,733	₱12,676,575,449	₱434,695,256	₱13,111,270,705
Net income for the year	-	-	-	-	-	-	-	-	(107,982,205)	(107,982,205)	4,583,768	(103,398,437)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	(107,982,205)	(107,982,205)	4,583,768	(103,398,437
Redemption of preferred shares				(1,650,000,000)						(1,650,000,000)		(1,650,000,000)
Balance at March 31, 2020	₱2,417,500,000	₱1,650,000,000	₱4,263,308,184	(₱1,740,411,278)	(₱9,492,946)	₱598,2333	(₱2,099,981)	(₱19,488,495)	₱4,358,679,527	₱10,918,593,244	₱439,279,024	₱11,357,872,268

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

	Period Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱108,725,256)	(₱100,625,657)
Adjustments for:		
Depreciation and amortization	58,091,951	86,637,953
Finance expense	66,600,634	68,539,100
Equity in net earnings of joint ventures	–	(19,521,971)
Unrealized foreign exchange loss (gain) – net	1,402,218	–
Finance income	(25,877)	(91,816)
Operating income before working capital changes	17,343,669	34,937,609
Increase in:		
Receivables	(12,863,688)	171,355,253
Prepaid expenses and other current assets	(19,832,484)	(38,595,445)
Increase in:		
Trade and other payables	116,306,452	(151,329,996)
Deposits	406,158	
Cash generated from operations	101,360,107	16,367,421
Interest received	25,877	91,816
Net cash provided by operating activities	101,385,984	16,459,237
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investments and advances	(3,956,038)	(113,280,823)
Property and equipment	(310,231)	(7,809,534)
Other noncurrent assets	25,469,371	(4,150,603)
Investment properties	(4,697,799)	–
Net cash used in investing activities	16,505,303	(125,240,960)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	23,000,000	593,215,807
Payments of loans payable	(108,661,311)	(349,460,749)
Payment of lease liabilities	(1,991,725)	–
Dividends paid	–	(76,150,000)
Interest paid	(65,319,429)	(68,539,100)
Redemption of preferred shares	–	(1,650,000,000)
Net cash used in financing activities	(152,972,465)	(1,550,934,042)
NET INCREASE (DECREASE) IN CASH	(35,081,178)	(1,659,715,765)
CASH AT BEGINNING OF YEAR	373,974,300	2,558,645,280
CASH AT END OF THE PERIOD	₱338,893,122	₱898,929,515

See Notes to the Consolidated Financial Statements.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Leisure & Resorts World Corporation ("LRWC" or the "Parent Company") was registered with the Philippine Securities and Exchange Commission (SEC) on October 10, 1957. On November 6, 2006, SEC approved the extension of the Parent Company's corporate life until December 31, 2055. The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities") and the Group's interest in joint ventures and associates.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares are listed on the Philippine Stock Exchange, Inc. (PSE).

The Group's primary purpose is to engage in leisure business which includes management and operation of the activities conducted therein pertaining to general amusement and recreation enterprise, hotel and gaming facilities, including but not limited to bingo parlors.

The Parent Company's registered office address is located at 26th Floor, West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City.

Impact of COVID-19. In a move to contain the COVID-19 outbreak, on March 16, 2020, the Office of the President of the Philippines issued Proclamation No. 929, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020 which was subsequently extended until May 15, 2020. The community quarantine classification was subsequently extended or changed either ECQ, modified ECQ and general community quarantine (GCQ). This resulted to the temporary closure of non-essential shops and businesses depending on the community quarantine classification of each location.

In line with the ECQ declaration in Metro Manila, Philippine Amusement Gaming Corporation (PAGCOR) released a memorandum on March 15, 2020 that gaming operations of its licensees would be suspended for the duration of the quarantine. On March 16, 2020, PAGCOR further announced the extension of the temporary suspension to all gaming operations nationwide effective midnight of March 16, 2020 until midnight of April 16, 2020 or until the government declares the COVID-19 situation either under control or for extended community quarantine.

On June 5, 2020, PAGCOR announced that they would allow resumption of gaming sites located on low-risk areas placed under "Modified General Community Quarantine" (MGCQ). Gaming sites within the areas under MGCQ would be allowed to operate at 50% operational capacity, except for Traditional Bingo Halls, which falls under mass gathering, thus, remain suspended. On June 18, 2020, PAGCOR further allowed gaming sites to conduct dry run operations (at 30% operating capacity) on areas under GCQ.

The COVID-19 pandemic is still prevailing, and the potential impact of this in the Group's operations will not be practical to estimate. Economic recovery is heavily dependent on the measures that will be adopted by the government.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

The consolidated financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Financial assets at fair value through other comprehensive income	Fair value
Investment properties	Fair value
Retirement benefits liability	Present value of the defined benefits obligation

The consolidated financial statements are presented in Philippine peso, the Group's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Standards issued but not yet effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential "day 2"gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments must be applied retrospectively. The Group is currently assessing the impact of the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  These amendments may apply to future transactions of the Group.

<u>Current versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when:

- it is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realized within twelve months after the financial reporting date; or
- it is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the financial reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial reporting date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities, and net retirement assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Instruments – Initial Recognition and Subsequent Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest" (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group has cash, receivables, due from related parties, rental deposits and cash performance bonds classified as financial asset at amortized cost. It also has investment in equity securities classified as financial asset at FVOCI. The Group has no financial asset designated as FVPL.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial Assets at Amortized Cost (Debt Instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investment under this category.

Derecognition. A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets. The Group recognized an allowance from expected credit losses (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

For cash in bank and other receivables, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash in bank since initial recognition.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Determining the stage for impairment. At each reporting date, the Group assesses whether there has been a significant increase in credit risk (SICR) for financial assets since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Staging assessment. PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been SICR of a financial asset. Three stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument at the date of initial recognition.

- Stage 2 is comprised of all non-financial instruments which have experienced SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime

ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

b. Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans payable, lease liabilities and deposits which are classified as loans and borrowings.

The Group has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included as interest expense in the statement of comprehensive income.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: (a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer's own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Group consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that tit has currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all counterparties.

Determination of Fair Value

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, origin the absence of a principal market, or
- In the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Group financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Prepaid Expenses and Other Current Assets

Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operations or expire with the passage of time. These typically comprise prepayments for commissions, taxes and licenses and rental.

Prepaid expenses are classified in the consolidated statements of financial position as current assets when the cost of goods or goods related to the prepaid expenses are expected to be incurred within one year. Otherwise, prepaid expenses are classified as noncurrent assets.

Other current assets represent resources that are expected to be used up within one year after the reporting date. These typically comprise advances to contractors and suppliers, input value-added tax (VAT), playing cards, etc.

Investments and Advances

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. Significant influence is the power to participate in the financial and operating policies of the investee, but is not control or joint control over those policies.

A joint venture is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions, and over which the parties have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in associates and joint ventures are accounted for using the equity method in the consolidated financial statements. Under the equity method, investments in associates and joint ventures are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the share of net assets, less any impairment in value. When the Group's share of losses exceeds the cost of the investments in associates and joint ventures, the carrying amount of that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates and the joint ventures. The carrying amount of the investments are adjusted to recognize the changes in the Group's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Group's share in profit or loss of associates or joint ventures are recognized as "Equity in net earnings of associates" and "Equity in net earnings of joint ventures" accounts, respectively, in profit or loss. Unrealized gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss with respect to the Group's net investment in the shares of stock of associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments in associates or joint ventures are impaired. If there is such evidence, the Group recalculates the amount of impairment as the difference between the recoverable amount and carrying amount of the investment in shares of stock of associates or joint ventures. Such impairment loss is recognized as part "Equity in net earnings of associates" and "Equity in net earnings of joint ventures" accounts in profit or loss.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in shares of stock of associates or joint ventures upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group normally contributes cash or other resources to the associates and joint ventures. These contributions are included in the accounting records of the Group and recognized in its consolidated financial statements as part of its investments in associates and a joint venture.

Investments and advances also include advances to companies in which the Group has positive intention of taking over these companies or having ownership interest in the future.

Property and Equipment

Property and equipment, except land, is carried at cost less accumulated depreciation and impairment losses, if any. Land is stated at cost less any impairment in value.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing it to working condition and location for its intended use. Subsequent expenditures that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset, in excess of the originally assessed standard of performance, will flow to the Group. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Construction in progress represents structures under construction and is stated at cost. This includes the costs of construction and equipment and other direct costs. Borrowing costs that are directly attributed to the construction are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

It is the Group's policy to classify right-of-use assets as part of property and equipment. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation is computed using the straight-line method over the estimated useful life (EUL) of the property and equipment over the following estimated useful lives:

	Number of Years
Leasehold improvements	5 years or related lease term whichever is shorter
Aircraft and transportation equipment	5 - 15
Gaming equipment	5
Office furniture and fixtures and equipment	5
Network equipment	10
Condominium unit	25
Airstrip improvements*	10
Right-of-use asset	1 - 25

**Recorded under "Other noncurrent assets" account*

The Group estimates the useful life of its airstrip improvement based on the period over which the asset is expected to be available for use. The Group initially assessed that benefit may be derived from this asset over five (5) to fifteen (15) years.

The EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from those assets.

When it is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is reflected in the Group statement of comprehensive income.

Investment Properties

Investment properties consist of land, land improvements, building, or part of a building or both held to earn long-term rental yields or for capital appreciation or both, and is not occupied by the Group or held for sale in the ordinary course of business.

The Group adopted the fair value model for accounting for its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by independent real estate valuation experts using cost approach and sales comparison approach. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment properties are derecognized when either those have been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain and loss on derecognition of investment properties is recognized in profit or loss in the year of derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of the owner occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied properties, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property and equipment up to the date of change in use. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation is transferred to retained earnings.

Lease Rights

The Group's lease rights pertain to acquired rights and interests in the sublease agreement entered upon by the Group. Lease rights are accounted under other noncurrent assets and stated at cost less accumulated amortization and impairment in value, if any. Lease rights are amortized on a straight-line basis over the lease term.

Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Costs and operating expenses" account in the consolidated statement of comprehensive income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the profit or loss.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statement of comprehensive income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statement of comprehensive income.

Goodwill

Goodwill acquired is initially measured as the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the resulting amount is negative (bargain purchase gain), it is recognized immediately in profit or loss. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Bargain purchase gain, which is the excess of the net fair values of acquired identifiable nonmonetary assets of subsidiaries and associates over the cost of acquisition, recognized directly to profit or loss.

When subsidiaries are sold, the difference between the selling price and the subsidiary's net asset plus goodwill associated with the investment are recognized in consolidated statement of comprehensive income.

Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets such as property and equipment and investments and advances and other noncurrent assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized in profit or loss whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

The recoverable amount of a nonfinancial asset is the greater of the asset's fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction less costs to sell while value in use is the present value of estimated future cash flows expected to be generated from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized. Reversals of impairment are recognized in the Group statement of comprehensive income.

Capital Stock and Additional Paid-in Capital

Common and preferred shares are classified as equity. Incremental costs directly attributable to the issuance of common and preferred shares are recognized as a deduction from relevant additional paid-in capital, and if none or insufficient, to be deducted from retained earnings, net of any tax effects. Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

Treasury Shares

When share capital is repurchased, the amount of the consideration paid, which includes directly/ attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is transferred to additional paid-in capital, while the resulting deficit is applied against additional paid-in capital and retained earnings, for any excess of deficit over the additional paid-in capital arising from treasury shares transactions.

Fair Value Reserve

Fair value reserve represents cumulative net change in the fair value of FVOCI, net of tax effect, as at reporting date (see Note 9).

Foreign Currency Translation Reserve

The assets and liabilities of the subsidiary with transactions denominated in currencies other than Philippine peso are translated using the applicable closing exchange rates on the reporting date. The income and expenses of the subsidiary with transactions denominated in currencies other than Philippine peso are translated using the exchange rates at the date of transactions. Foreign currency differences are recognized in other comprehensive income and accumulated in the "Foreign currency translation reserve" account in the consolidated statements of financial position.

Retained Earnings

Retained earnings represents the cumulative balance of periodic profit/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Dividend distribution to the Group's shareholder is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved and declared by the Group's BOD.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer except for some entities of the Group which act as agent in certain commission revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Electronic Bingo. Revenue from these bingo games are satisfied at a point in time and are recognized upon conclusion of each game cycle. The revenues is net of payments and share of machine vendors.

Traditional Bingo, Rapid Bingo and Pull Tabs. Revenue from these bingo games are satisfied at a point in time and are recognized upon sale of bingo cards.

Service and Hosting Fees. Revenue from bandwidth and co-location services are satisfied over time and are recognized as the services are performed. Service fees are satisfied at a point in time and are recognized upon processing of locators' application for a franchise. Hosting fees are satisfied over time and are recognized upon accrual of the gaming levy to locators based on their reported revenue as defined in the license agreement.

One time set-up charges. The one time set-up charge is recognized over the term of the contract.

Commission Income. Commission income is satisfied over time and is recognized when the related services are rendered based on a percentage of each PeGs' casino winnings and gross gaming revenue of the junket.

Other income. Other income comprises miscellaneous income from operations and recognized at a point in time.

The following revenue streams are outside the scope of PFRS 15:

Rent Income. Income is recognized based on the percentage of the net wins (gross wins less payouts).

Interest Income. Interest income is recognized as it accrues in profit or loss using the EIR method.

Contract Balances

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivable. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

Costs and Expenses Recognition

Costs and expenses are decrease in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in profit or loss when they are incurred and are reported in the financial statements in the periods to which they relate.

Payouts represent payments to winners of traditional bingo games. This is recognized as expense upon conclusion of the game.

Leases

Upon adoption of PFRS 16, the determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in "Retail and others" account in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as Lessor. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenues in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Employee Benefits

Short-term Benefits

The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, and other short-term benefits.

Retirement Benefits Liability

The Group's net obligation in respect of its retirement plan is calculated separately by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods and the benefits are discounted to determine its present value. The discount rate is the yield at the reporting date of long-term government bonds that have maturity dates approximating the terms of the Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of reductions in future contributions to the plan.

Remeasurements of the net defined benefit obligation or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), if any, are recognized immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined benefit obligation or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit obligation or asset, taking into account any changes in the net defined benefit obligation or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at reporting date.

Income Taxes

Income tax expense comprises of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized directly in equity or other comprehensive income.

Current Tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the end of reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and the carry forward tax benefits of the net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on retranslation of financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in other comprehensive income.

Foreign Operations

The assets and liabilities of foreign operations are translated to Philippine peso at exchange rates at the reporting date.

Foreign currency difference is recognized in other comprehensive income, and presented in the foreign currency translation gain (Foreign currency translation reserve) in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in other comprehensive income related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in "Foreign currency translation reserve" in equity.

Segment Reporting

For purposes of management reporting, the Group is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. Such business segments are the bases upon which the Group reports its primary segment information.

Financial information on business segments is presented in Note 23 to the consolidated financial statements. The Group has one geographical segment and derives substantially of its revenues from domestic operations.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is consistent with the computation of the basic earnings per share while giving effect to all dilutive potential common shares that were outstanding during the period. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

Use of Estimates and Judgment
The preparation of the Group's consolidated financial statements in accordance with PFRSs requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. However, uncertainty about these estimates, judgments and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Actual results may differ from these estimates, judgments and assumptions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates and judgments are revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effects on the amounts recognized in the Group financial statements is as follows:

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Fair Value Measurement. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Chief Financial Officer (CFO) has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The CFO regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the CFO assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

Fair Value of Investment Properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment properties, the appraisers used a valuation technique based on comparable market data available for such property.

The fair values of the investment properties were arrived at using the sales comparison approach for land and cost approach for buildings and land improvements.

Determination of Lease Term of Contracts with Renewal and Termination Options – Group as a Lessee. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include any renewal and termination options in determining the lease term as these are not reasonably certain to be exercised.

Acquisition Accounting. The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property and equipment, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

Determination and Classification of Joint Arrangement. The Group determines a joint arrangement in accordance with its control over the entity or joint operations rather than its legal form. The Group's investments in joint venture is structured in a separate incorporated entity. The joint venture agreement requires unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements. The Group has determined its involvement in joint arrangement and determined that its investment is classified as joint venture.

Hotel Enterprises of the Philippines, Inc. (HEPI) - Although the Group has 51% ownership in HEPI, the shareholders' agreement provides for equal representation in the board of directors which in substance is similar to a joint venture arrangement.

Distinction Between Investment Property and Property and Equipment. The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Property and equipment generate cash flows that are attributable not only to property but also to the other assets used for administrative purposes and rendition of services.

If the portion cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment. The Group has determined that the land, land improvements and building are investment properties.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of Goodwill. Goodwill is tested for impairment annually. Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

The impairment testing of goodwill utilized significant unobservable inputs (Level 3) to determine the value in use.

The Group performs impairment testing of goodwill annually. The recoverable amount of the cash generating units containing the goodwill is based on the value-in use which is determined on discounting the future cash flows to be generated from the continuing use of the cash generating units.

Definition of Default and Credit-Impaired Financial Assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than 90 days past due on its contractual payments, which is consistent with the Group's definition of default.
- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where: a. The borrower is experiencing financial difficulty or is insolvent; b. The borrower is in breach of financial covenant(s); c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Group's ECL calculation.

Simplified Approach for Trade Receivables and Due from Related Parties. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various patron segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Grouping of instruments for losses measured on collective basis. For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

Macro-economic Forecasts and Forward-looking Information Macro-economic forecasts is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Estimating Provisions and Contingencies. The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group has several tax cases at the Supreme Court and Court of Tax Appeals. The Group's estimates of the probable costs for the resolution of these cases have been developed in consultation with outside legal counsel handling the prosecution and defense of these matters and are based on an analysis of potential results. The Group currently does not believe that the cases will have a material adverse effect on its consolidated financial statements. It is possible, however, that the future consolidated financial statements could be materially affected by changes in the estimates or in the effectiveness of strategies relating to its proceeding. As such, the Group has not recognized any provision as at December 31, 2020 and 2019.

Leases - Estimating the IBR. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment Losses of Nonfinancial Assets Other than Goodwill. The Group assesses impairment on nonfinancial assets such as property and equipment, investments and advances, airstrip improvements and lease rights when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Determining the net recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment losses could have a material adverse impact on the results of operations.

Due to the COVID-19 pandemic, some of the retail and casino sites of the Group permanently closed in 2020. Moreover, some of the Group's debtors had a difficulty in paying the advances made to them. These are the indicators of impairment identified by the Group in its property and equipment and advances.

Estimating Retirement Benefits Liability. The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Estimating Realizability of Deferred Tax Assets. The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of the temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

4. Cash

	2021	2020
Cash on hand and payout fund	**₱92,588,328**	₱92,459,872
Cash equivalents	**3,739,651**	3,739,651
Cash in banks	**200,222,665**	277,774,777
	₱296,550,644	₱373,974,300

Cash in banks earn interest at the respective bank deposit rates. Interest income recognized amounted to ₱25,877 in March 2021 and ₱91,816 in March 2020.

Payout fund pertains to the cash held by the cashier which is intended to pay for the prizes of the winners of each traditional bingo game. This is replenished on a daily basis.

5. Receivables

	2021	2020
Trade receivables	**₱1,081,547,878**	₱1,000,444,386
Advances to third parties	**157,581,974**	157,581,974
Marketing support fund	**104,705,157**	103,722,826
Advances to Pacific Visionary (Pacific)	**94,139,697**	94,139,697
Receivables from sale of aircraft	**-**	72,973,163
Advances to stockholders	**53,322,344**	53,322,344
Current portion of:		
Advances to Binondo Leisure Resources, Inc. (BLRI)	**49,000,000**	49,000,000
Receivable from Total Consolidated Management, Inc. (TCAMI)	**29,453,790**	29,453,790
Receivables from concessionaires	**11,262,736**	11,262,736
Others	**41,481,362**	39,132,552
	1,622,494,938	1,611,033,468
Less allowance for impairment losses	**493,534,727**	493,534,727
	₱1,128,960,211	₱1,117,498,741

Trade receivables
Trade receivables are unsecured, noninterest-bearing and collectible within 30 days.

Advances to Third Parties
Advances to third parties consist mainly of funds provided for a future project reimbursable from the project partner. These advances are noninterest-bearing, unsecured and collectible on demand.

Marketing Support Fund
Marketing support fund pertains to the reimbursable advances made by the Group for the promotional activities relating to e-bingo machine and e-games platform provider.

Advances to Pacific
These are cash advances provided to Pacific for the purpose of securing leased premises for the operation of a VIP Club by PAGCOR. The advances are unsecured and non-interest bearing which was initially due on or before December 31, 2019. The parties subsequently agreed to extend loan repayment for an additional period of one (1) year from December 31, 2019, or until December 31, 2020.

The Group recognized an allowance for ECL amounting to ₱94,139,697 in 2020.

Advances to stockholders
Advances to stockholders are unsecured, noninterest-bearing advances and collectible on demand.

Receivable form TCAMI
This is the current portion of the receivable from Total Consolidated Asset Management, Inc. (TCAMI) related to the sale of the Group's 50% shares in TechZone Philippines, Inc

Others
Other receivables also include cash advances made to companies which are engaged in similar gaming and amusement activities as the Group. Receivables from these companies represent noninterest-bearing and unsecured advances for working capital purposes that are due within one year.

6. Prepaid Expenses and Other Current Assets

	2021	2020
Input value-added tax (VAT)	**₱233,814,267**	₱231,984,639
Prepaid expenses	**64,479,851**	66,234,213
Advances to officers and employees	**51,065,035**	49,637,338
Advances to contractors and suppliers	**35,885,212**	20,967,084
Creditable withholding tax (CWT)	**14,382,429**	13,724,270
Playing cards	**76,720**	76,720
Others	**17,703,810**	14,950,577
	417,407,324	397,574,841
Allowance for non-recoverable input VAT	**(231,048,271)**	(231,048,271)
	₱186,359,053	₱166,526,570

Prepaid expenses consist of prepaid rent, prepaid insurance on property and equipment, health care benefits of employees and advances for consultancy and professional services.

Advances to contractors and suppliers are down payment to vendors that will be applied against future deliveries of goods and performance of services.

7. Property and Equipment

The movements in this account are as follows:

	Land	Leasehold Improvements	Aircraft and Transportation Equipment	Gaming Equipment	Office Furniture, Fixtures and Equipment	Network equipment	Condominium Unit	Right-to-use Asset	Total
Cost									
December 31, 2019	₱814,000	₱1,433,408,539	₱517,947,622	₱1,083,191,639	₱724,621,237	₱348,950,853	₱7,146,816	₱871,712,762	₱4,987,793,468
Additions	–	13,762,277	–	19,219,518	4,937,242	–	–	326,183,585	364,102,622
Reclassification	–	–	–	–	–	–	–	19,284,318	19,284,318
Disposal	–	–	(233,299,925)	–	–	–	–	(102,866,295)	(336,166,220)
Impairment	–	(51,598,724)	–	(470,252)	(2,339,840)	–	–	(27,743,873)	(82,152,689)
December 31, 2020	814,000	1,395,572,092	284,647,697	1,101,940,905	727,218,638	348,950,853	7,146,816	1,086,570,497	4,952,861,499
Addition	–	2,481,510	–	50,148	661,600	–	–	–	3,193,258
March 31, 2021	**₱814,000**	**₱1,398,053,602**	**₱284,647,697**	**₱1,101,991,053**	**₱727,880,238**	**₱348,950,853**	**₱7,146,816**	**₱1,086,570,497**	**₱4,956,054,757**
Accumulated Depreciation and Amortization									
December 31, 2019	–	1,282,246,498	244,497,356	407,698,129	647,257,325	198,356,341	5,897,746	237,323,836	3,023,277,230
Depreciation and amortization	–	84,294,239	38,687,851	98,875,985	61,378,021	27,427,390	201,727	220,332,030	531,197,242
Lease concession	–	–	–	–	–	–	–	79,452,376	79,452,376
Disposal	–	–	(82,924,518)	–	–	–	–	(102,866,295)	(185,790,813)
Impairment	–	(47,798,475)	–	(235,807)	(703,612)	–	–	(15,081,535)	(63,819,429)
December 31, 2020	–	1,318,742,262	200,260,688	506,338,307	707,931,734	225,783,731	6,099,473	419,160,411	3,384,316,606
Depreciation and amortization	–	11,857,398	7,203,860	22,896,272	11,436,993	6,778,254	50,432	751,768	60,974,978
March 31, 2021	–	**1,330,599,661**	**207,464,548**	**529,234,579**	**719,368,727**	**232,561,985**	**6,149,905**	**419,912,179**	**3,445,291,584**
Carrying Amount									
December 31, 2020	₱814,000	₱76,829,830	₱84,387,009	₱595,602,598	₱19,286,904	₱123,167,122	₱1,047,343	₱667,410,086	₱1,568,544,893
March 31, 2020	**₱814,000**	**₱67,453,941**	**₱77,183,150**	**₱572,756,472**	**₱8,511,511**	**₱116,388,868**	**₱996,911**	**₱666,658,318**	**₱1,510,763,173**

8. Investment Properties

This account consists of:

	Land	Land Improvements	Building	Total
January 01, 2020	₱9,527,579,000	₱16,097,000	₱229,977,000	₱9,773,653,000
Additions	2,127,867	–	–	2,127,867
Unrealized gains on changes in fair values of investment properties	287,731,883	–	(5,417,000)	282,314,883
December 31, 2020	9,817,438,751	16,097,000	224,560,000	10,058,095,751
Additions	4,697,800	–	–	4,697,800
March 31, 2021	**₱9,822,136,551**	**₱16,097,000**	**₱224,560,000**	**₱10,062,793,551**

9. Investments and Advances and Fair Value through Other Comprehensive Income

	Percentage of Ownership	Mar2021	Percentage of Ownership	Dec2020
Investments				
Associates:				
Binondo Leisure Resources, Inc. (BLRI)				
Preferred shares		**₱20,000,000**		₱20,000,000
Common shares	**30%**	**1,200,000**	30%	1,200,000
Insular Gaming Corp. (Insular)				
Common shares	**40%**	**199,800**	40%	199,800
		21,399,800		21,399,800
Accumulated equity in net earnings:				
Balance at beginning of year		**234,782**		948,502
Share in net earnings (loss) of associates		**–**		(713,720)
		234,782		234,782
Balance at end of period		**21,634,582**		21,634,582
Joint ventures:				
HEPI	**51%**	**750,938,000**	51%	750,938,000
Accumulated equity in net income:				
Balance at beginning of year		**346,675,078**		449,115,085
Share in net income from HEPI		**–**		(102,440,007)
		346,675,078		346,675,078
Balance at end of period		**₱1,097,613,078**		₱1,097,613,078

Forward

	Percentage of Ownership	2021	Percentage of Ownership	2020
Advances:				
Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC)		₱1,029,664,423		₱1,025,708,385
Land Owners		35,570,338		35,570,338
AB Fiber Corp.		31,696,665		31,696,665
Eco Leisure		26,136,049		26,136,049
Others		258,099,925		182,728,427
		1,381,167,400		1,301,839,864
Allowance for impairment losses		(231,049,464)		(231,049,464)
		1,150,117,936		1,070,790,400
Balance at end of period		2,269,365,596		2,190,038,060
Other investments - at cost		556,700		556,700
		₱2,269,922,296		₱2,190,594,760

Financial Assets through Fair Value through Other Comprehensive Income (FVOCI)

	2021	2020
Balance at beginning of year	₱112,630,736	₱106,725,824
Unrealized gain (loss) during the year	-	5,904,912
Balance at end of year	₱112,630,736	₱112,630,736

10. Other Noncurrent Assets

	2021	2020
Rental deposits	₱443,687,757	₱442,854,472
Cash performance bonds	306,450,000	306,450,000
Cash in bank - restricted	69,144,285	91,313,591
Premium on group pension plan	42,336,018	42,336,018
Performance cash deposits and betting credit funds	32,450,000	32,450,000
Airstrip improvements - net	27,134,272	27,907,520
Input VAT and CWT	26,836,222	26,836,222
Lease rights	10,383,679	13,505,660
Utility and construction bond	5,240,206	5,240,206
Others	25,135,896	25,374,017
	₱988,798,335	₱1,014,267,706

11. Loans Payable

Short-term Loans Payable	Interest rates	Maturity	2021
Local banks	5.25% - 8.0%	December 2020 - May2021	₱971,546,137
			₱971,546,137

*subject to renewal

Long-term Loans Payable	Interest rates	Maturity	2021
Current Portion			
Local banks	3.9% - 10.0%	February 2018 - January 2023	₱428,425,715
Noncurrent Portion			
Local banks	3.9% - 10.0%	February 2018 - January 2023	2,645,124,725
			₱3,073,550,440

12. Trade and Other Payables

	2021	2020
Payable to:		
Suppliers	₱500,211,359	₱469,857,403
CEZA	117,374,549	100,747,546
PAGCOR	34,891,124	60,964,765
Finders' fee	30,102,790	31,352,790
Government agencies	18,197,423	20,719,116
Rent payable	122,650,365	116,583,547
Unearned revenues	31,067,016	28,842,658
Accrued expenses and other payables:		
Payable to machine owners	530,561,944	481,366,658
Contracted services	169,360,471	142,679,050
Dividends payable	172,294,723	175,387,309
Interest payable	103,204,657	56,857,915
Salaries, wages and benefits	62,494,201	43,006,763
Utilities	19,429,752	11,014,362
Professional fees	15,148,892	15,618,022
Customer deposit	6,125,534	6,125,534
Site acquisition payable – BCGLC	2,836,048	60,064,319
Others	5,181,510	45,980,627
	₱1,941,132,358	₱1,867,168,384

13. Business Combination and Goodwill

	2021	2020
Cost		
Balance at beginning of year	₱1,329,092,293	₱1,502,067,704
Additions	–	–
Balance at end of year	1,329,092,293	1,502,067,704
Accumulated Impairment Losses		172,975,411
Carrying Amount	₱1,329,092,293	₱1,329,092,293

14. Related Party Disclosures

Categories	Nature of Transaction	Year	Amount of Transactions for the Year	Outstanding Balance: Due from Related Parties	Outstanding Balance: Due to a Related Party	Terms	Conditions
Individual stockholder	Cash advances	**2021**	₱–	**₱5,000,000**	₱–	Demandable; non-interest bearing	Unsecured; no impairment
		2020	–	5,000,000	–		
Advances to affiliates	Cash advances	**2021**	**–**	**150,000,000**	**–**	Demandable; non-interest bearing	Unsecured; no impairment
		2020	–	150,000,000	–		
Total		**2021**		**₱155,000,000**	₱–		
Total		2020		₱155,000,000	₱–		

15. Segment Information

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

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

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

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

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

Analysis of financial information by business segment as of March 31, 2021 follows:

	Casino Group	Online Group	Retail Group	Property Group	Others	Eliminations	Consolidated
Net Revenues							
External revenue	₱49,915,971	₱78,311,402	₱243,854,490	₱8,281,298	₱–	₱–	₱380,363,161
Results							
Segment results	(₱15,202,095)	₱46,290,792	(₱32,970,072)	(₱2,584,839)	(₱40,321,610)	₱–	(₱44,787,824)
Results from Operating Activities							
Finance income	3,435	10,133	11,310	399	600	–	25,877
Finance expense	(12,464,622)	(57,094)	(18,348,145)	(30,666,595)	(5,064,178)	–	(66,600,634)
Foreign exchange gain (loss)	(44,523)	(346,972)	(1,010,723)	–	–	–	(1,402,218)
Other income (expense)	(2,800)	(68,116)	4,110,459	–	–	–	4,039,543
Income tax benefit (taxes)	–	(1,309,394)	–	–	–	–	(1,309,394)
Total Comprehensive Income (loss)	(₱27,710,605)	₱44,519,349	(₱48,207,171)	(₱33,251,035)	(₱45,385,188)	₱–	(₱110,034,650)
Other Information							
Segment assets	₱1,852,351,926	₱3,744,934,054	₱2,463,410,186	₱13,229,940,148	₱9,214,899,504	(₱11,899,850,607)	₱18,605,685,211
Total Assets							₱18,605,685,211
Segment liabilities	₱1,711,302,747	₱2,418,550,756	₱2,797,711,004	₱7,988,684,324	₱2,726,004,085	(₱9,085,545,632)	₱8,556,707,284
Total Liabilities							₱8,556,707,284
Capital expenditures	₱1,217,570	₱–	₱1,975,686	₱–	₱–	₱–	₱3,193,256
Depreciation and amortization	27,783,008	8,927,607	19,066,499	1,052,691	1,262,146	–	58,091,951

Unallocated corporate expenses consist of net operating expenses of the Parent Company. Assets of the individual segments mainly comprise investments and advances, due from related parties, property and equipment, and trade receivables. Liabilities of the individual segments include loans payable, trade and other payables, retirement benefits liability, and due to related parties. Capital expenditures on noncurrent assets represent additions to property and equipment and investment properties. Noncash expenses pertain to depreciation and amortization expense attributable to reportable segments.

16. Financial Risk and Capital Management Objectives and Policies

Financial Risk Management Objectives and Policies

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

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

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

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

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

<u>Credit Risk</u>

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

Cash in Banks

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

Receivables

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

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

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

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

As at reporting date, there were no significant concentrations of credit risk.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of receivables not past due or past due by up to 60 days.

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

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

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

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

The most significant amount of due from related parties of the Group are the advances to BLRI and HEPI, an associate and a joint venture, respectively, of the Parent Company.

The credit quality of the Group's neither past due nor impaired financial assets based on their historical experience with the corresponding third parties has been defined as follows:

- Grade A: Financial assets which are consistently collected before maturity.
- Grade B: Financial assets which are collected on their due dates even without an effort from the Group's to follow them up.
- Grade C: Financial assets which are collected on their due dates provided that the Group's made a persistent effort to collect.

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

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

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

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

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

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

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

There is no other impact on the Group's equity other than those affecting the profit or loss.

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

<u>Fair Values</u>
The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash/Receivables/Due from Related Parties/ Rental Deposits/Cash Performance Bonds/Performance Cash Deposits and Betting Credit Funds/Trade and Other Payables/Due to a Related Party/Deposits
The carrying amounts of cash, receivables, due from related parties, trade and other payables and due to a related party approximate their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of rental deposits, cash performance bonds and performance cash deposits and betting credit funds approximate their fair values as management believes that the effect of discounting cash flows from these instruments is not significant.

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

Financial assets at fair value through other comprehensive income (FVOCI)
The fair value of the financial asset at FVOCI is based on the quoted market price of the investment in equity as at December 31, 2019. The fair value is under Level 1 of the fair value hierarchy.

Capital Management

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at March 31, 2019.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Financial Soundness Indicators
As of March 31, 2021 and 2020

Key Performance Indicator	Formula	2021	2020
Current Ratio	Current Assets / Current Liabilities	49.3%	50.9%
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	85.2%	73.4%
Asset to Equity Ratio	Total Assets / Stockholders' Equity	185.2%	173.4%
Payout Turnover	Traditional Bingo Revenues / Payout	-	1.34 times
Return on Average Equity	Net Income* / Average Stockholders' Equity	-4.4%	-0.21%
Return on Average Assets	Net Income* / Average Total Assets	-2.4%	-0.13%
Solvency Ratio	Net Income* + Depreciation* / Total Liabilities	-2.4%	-0.05%
Interest Coverage Ratio	Income Before Interest & Tax* / Interest Expense	-1.6	0.51
ONLINE Net Book Value Per Share	Stockholders' Equity / Weighted Average Shares Outstanding	4.2	4.7
Basic Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	(0.0520)	(0.0447)
Diluted Earnings Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding**	(0.0503)	(0.0447)

**Annualized for quarterly reporting.*
***Adjusted for the convertible warrants.*

2020 Annual Stockholders
Minutes of the Meeting

LEISURE & RESORTS WORLD CORPORATION
Minutes of the Annual Meeting of the Stockholders
Held via Remote Communication at
https://zoom.us/j/95451819920?pwd=MUFpOFREbnE5UUZ2RGVPeWJ5QkE5Zz09
28 August 2020 at 2:00 p.m.

Stockholders Present:

Total No. of Shares Outstanding	2,417,500,000
Total No. of Shares of Stockholders participating remotely or *in absentia*, and represented in proxy	1,692,190,205
Percentage of Shares of Stockholders participating remotely or *in absentia*, and represented in proxy	70%

Directors participating remotely, *in absentia*, and/or by proxy:

Mr. Eusebio H. Tanco	–	Chairman of the Board, Chairman of Executive Committee, Member of Nomination Committee
Mr. Eng Hun Chuah	-	President, Member of Executive Committee
Mr. Johnson Cheung	-	Member of Executive Committee, Member of Nomination Committee
Mr. Alfredo Abelardo B. Benitez	-	Member of Executive Committee, Member of Corporate Governance Committee, Member of Compensation Committee, Member of Nomination Committee, Member of Retirement Committee
Mr. Willy N. Ocier	-	Chairman of Nomination Committee, Member of Executive Committee, Member of Related Party Transaction Committee
Mr. Max Aaron Wong	-	Member of Corporate Governance Committee, Member of Compensation Committee, Member of Retirement Committee
Mr. Paolo Martin O. Bautista	-	Member of Audit Committee, Member of Related Party Transaction Committee
Mr. Ignatius F. Yenko	-	Member of Related Party Transaction Committee
Mr. Renato G. Nuñez	-	Member of Corporate Governance Committee, Member of Compensation Committee, Member of Risk Oversight Committee
Mr. Anthony L. Almeda	-	Independent Director, Chairman of Retirement Committee, Chairman of Related Party Transaction Committee, Chairman of Risk Oversight Committee, Chairman of Compensation Committee, Member of Nomination Committee, Member of Audit Committee, Member of Corporate Governance Committee
Mr. Lawrence T. Cobankiat	-	Independent Director, Chairman of Audit

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Committee, Chairman of Corporate Governance Committee, Member of Compensation Committee, Member of Risk Oversight Committee, Member of Related Party Transaction Committee, Member of Retirement Committee

Also Present:

Atty. Kristine Margaret R. Delos Reyes	-	Compliance Officer
Atty. Carol Padilla	-	Corporate Secretary
Ms. Donita Marel Rivera	-	Treasurer
Mr. Rafael Jasper S. Vicencio	-	President of AB Leisure Exponent, Inc. (ABLE) and ABLE subsidiaries
Mr. Teh Teng Yeong	-	Head of Blue Chip Gaming operations
Ms. Elaine Eustaquio	-	Chief Internal Audit
Ms. Xiaolu Dong	-	Deputy CFO
Ms. Maria Pilar B. Hernandez	-	SyCip Gorres Velayo & Co. (SGV), External Auditor, and Team
Mr. Ricardo D. Regala	-	Stock and Transfer Service, Inc. (STSI), and Team

I. CALL TO ORDER

The Chairman, Mr. Eusebio H. Tanco, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Carol V. Padilla, recorded the minutes of the meeting.

The Chairman acknowledged the presence of the Company's directors, officers and Sycip Gorres Velayo & Co (SGV) Auditing Firm.

II. PROOF OF NOTICE AND DETERMINATION OF QUORUM

The Corporate Secretary certified that the Notice and Agenda for the 2020 Annual Meeting of the Stockholders was disclosed in the Philippine Stock Exchange's EDGE Submission System, and uploaded in the Company's website on 14 July 2020. The Notice and Agenda for the meeting were also published in newspapers of general circulation, specifically in Business Mirror and Business World, both in print and online, on August 3 and 4, 2020. The Notice and Agenda were further sent by mail and messengerial service to all shareholders as of record date at their respective addresses of record. The Notices were sent out at least twenty one (21) days prior to the Annual Stockholders' Meeting in accordance with the requirements of the Revised Corporation Code and applicable SEC regulations.

Through the Notice, the stockholders were informed that due to the Community Quarantine in effect in Luzon, the Company will not be conducting a physical annual stockholders' meeting, and instead the 2020 Annual Stockholders' Meeting will be streamed live.

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The stockholders have also been notified that they can cast their votes remotely, through proxy, or *in absentia*, by sending their votes via e-mail to investorrelations@LRWC.com.ph on or before 5:30pm on 27 August 2020.

For the stockholders who cannot attend the meeting, they were given until 27 August 2020 to submit their respective proxies.

The Corporate Secretary certified that a quorum was present for the transaction of business with the presence of stockholders participating remotely, *in absentia,* or by proxy representing a total of One Billion Six Hundred Ninety Two Million One Hundred Ninety Thousand Two Hundred Five (1,692,190,205) common shares. This constitutes seventy percent (70%) or more than two thirds (2/3) of the Two Billion Four Hundred Seventeen Million Five Hundred Thousand (2,417,500,000) total outstanding common stock of the Company.

III. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 26 JULY 2019

The Chairman proceeded to the first item in the Agenda, which is the approval of the minutes of the annual stockholders' meeting held on 26 July 2019. A summary of the minutes was included in the Information Statement, and can be accessed through the Company's website at www.LRWC.com.ph.

The Corporate Secretary, Atty. Padilla, presented the following proposed resolution and its approval by the stockholders based on the votes cast:

"**RESOLVED**, that the reading of the minutes of the annual meeting of the stockholders held on July 26, 2019 is dispensed with, and all matters included in the minutes are considered complete and accurate, and are approved for all intents and purposes."

Opinion	Votes Cast	Percentage (based on shares present or represented at the meeting)
In favor	1,690,511,565	99.93%
Against	1,678,640	0.07%
Abstain	0	0.00%

V. MANAGEMENT REPORT

The Chairman proceeded to the next item in the agenda, the Management's Report. The Chairman then called the Company's President, Mr. Eng Hun Chuah to deliver the Report for the year 2019, as follows:

"Dear Valued Shareholders,

We are dealing with an extraordinary crisis. Since March, the coronavirus has overtaken our lives and transformed the world. As we face the spiralling effects of this pandemic, we urge everyone to remain focus on what we can do to stay resilient and well-positioned to support our colleagues, business partners, shareholders, customers and communities across the country.

2019 was a defining year for Leisure & Resorts World Corporation (LRWC). We entered this predicament in a position of strength. We were able to acquire a

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private placement from new investors. With the new adjustments, the firm managed a total **consolidated gross revenue** of **Php10,614,058,997, an increase of 7.1%** as of December 31, 2019 versus **Php9,913,847,135** in 2018. We have delivered significant results and we are optimistic to continue doing so in the future, though it should be expected that our earnings will not be spared from the 2020 global crisis. However, these challenges brought by the global pandemic also posted as opportunities for us – opportunities to improve and to innovate. It is our promise that we will work on exploring new ways not only to cope with the situation but also to beat it by bringing continuous and new ways of income generation. For now, let me walk you through the summary of what has transpired in our 2019 operations.

RETAIL group's consolidated gross revenue contribution for 2019 jumped 10.25% to Php 8,162,258,853. The growth was due to strong revenue increases driven by improved gaming sites, opening of new venues and robust product offering during the year. **AB Leisure Exponent, Inc.** (**ABLE**) reported a gross revenue of Php7,850,640,266 for 2019, a 10.4% increase from Php7,111,489,492 in 2018. With over 10,978 e-bingo machines in 152 bingo parlors, ABLE continues to surpass its competitors with innovative transformation in the gaming industry, delivering greater efficiency, cost savings and improved lead conversions. **Total Gamezone Xtreme Incorporated's (TGXI**'s) gross revenue on the other hand climbed 6.9% to Php311,618,587 versus Php291,607,194 last year.

CASINO group has been through both ups and downs. Its consolidated gross revenue contribution slightly decreased by 7% year-on-year to Php1,325,287,557 from the previous year's Php1,430,968,478. Blue Chip Gaming and Leisure Corporation (BCGLC) or Blue Chip posted a gross revenue contribution of Php635,517,177, an 18.7% increase from the Php535,273,626 recorded in 2018. Blue Chip remained bullish about projects that improved the gaming experience of its patrons and targeted promotional campaigns, such as the acquisition of PAGCOR Club San Pedro, addition of new slot machines, addition of in-house services, and many more. **Prime Investment Korea Inc. (PIKI)** recorded a decrease of 23% or Php689,770,381 from last year's Php895,694,852. LRWC's share in **Hotel Enterprises Philippines, Inc.'s (HEPI**'s) net income totalled Php149,007,689 or an increase of 29.7% from last year's share in the net income of Php114,866,158.

ONLINE group's **FCLRC** or **First Cagayan Leisure & Resort Corporation** and **LR Data Center and Solutions Inc. (LRDCSI)** never lost sight of opportunities even in a very challenging period and business landscape. FCLRC's gross revenue for 2019 is Php458,352,744, higher by 15.9% from previous year's Php395,499,397 while LRDCSI's gross revenue gained 20.4% to Php99,733,764 from a year ago's Php82,815,034. Both remained resilient and creative in many different ways to stay the course. Overall, the group managed to gain a slight increase of 2.41%, with gross revenue of Php1,079,725,322 from last year's Php1,054,365,127.

PROPERTY group remained strong and stable in 2019, as ABLGI or AB Leisure Global Inc. managed to retain its gross revenue at Php8,499,400, same with last year's Php8,499,400; however, there is a significant increase in the value of the lands that it hold and because of this, the net income of ABLGI has increased to Php1,363,266,473 from last year's Php580,713,241. LR Land, on the other hand, reported a gross revenue of Php38,287,864 in 2019, 126.3% higher than the Php16,917,444 recorded in 2018.

With the significant amount acquired from the private placement, LRWC was able to pay a total amount of Php1,588,910,000 debt off its books. The Company was also able to set aside the cash needed for the redemption of One Billion Six Hundred Fifty Million (1,650,000,000) preferred shares at the par value of One Peso (Php1.00) per share, which happened on January 2020. This meant that we were able to reduce the Company's original Php7,715,252,438 debt to Php4,134,207,102. The Company has streamlined costs and expenses as well. With these, LRWC carries less burden off its shoulders, and is given more room to explore new business development possibilities.

While the future remains uncertain especially at this time, we will continue to do our part to help the government navigate this difficult period. We shall bring our businesses forward and we are determined to turn these uncertainties into fruitful opportunities. We are continuously re-evaluating the situation, and have been busy the past months planning for safety measures under the new normal and making sure we are compliant with all government requirements so that when things have turned around in our favour, we can get back to business and our site employees will be able to get back on their feet.

We would like to express our deep gratitude and appreciation for the tremendous character and capabilities of the board, the management and all our employees, and how everyone has coped during these times of adversity with grace and grit.

Additionally, we would like to take this opportunity to extend our appreciation and gratitude to two of our directors for their years of untiring service to our company as they now step down from their position. Thank you very much, Mr. Anthony Almeda and Mr. Ignatius Yenko for all the support these years. It was a great time serving the Company with you, and LRWC is truly honoured to have you both as part of our Board for these past years.

In closing, we would like to thank our stakeholders for their engagement and continued trust and support for LRWC. We are confident that we will get through this unprecedented situation. Together, we shall stay ON TOP OF OUR GAME!"

VI. APPROVAL OF THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2019

The Chairman then proceeded to the next item in the agenda, which is the approval of the Annual Report and Audited Financial Statements for the Fiscal year 2019. He mentioned that copies of both the Annual Report and Audited Financial Statements were disclosed and circulated to the shareholders.

The Corporate Secretary then presented the following proposed resolution and its approval by the stockholders based on the votes cast:

> "**RESOLVED**, that the Annual Report and Audited Financial Statements for the fiscal year 2019, electronic copies of which having been made available in the Company's website and in the Philippine Stock Exchange's (PSE) EDGE Submission System, and as circulated together with the Information Package to the shareholders, are hereby approved."

Mp

Opinion	Votes Cast	Percentage (based on shares present or represented at the meeting)
In favor	1,690,511,565	99.93%
Against	1,678,640	0.07%
Abstain	0	0.00%

VII. RATIFICATION OF ACTIONS TAKEN BY THE BOARD OF DIRECTORS AND OFFICERS SINCE THE LAST ANNUAL MEETING DATED 26 JULY 2019

Thereupon, the Chairman proceeded to the next item of the Agenda, which is the ratification of all acts and proceedings of the Board of Directors and Management from the Annual Meeting held on 26 July 2019.

The Chairman confirmed that all material information and transactions were duly disclosed to the shareholders and the public.

Upon motion duly made and seconded, the following resolution was unanimously passed and approved:

> "RESOLVED, that all the acts of the Board of Directors and of the Officers during the fiscal year 2019 and immediately preceding the August 28, 2020 annual stockholders' meeting, are approved, confirmed and ratified for all intents and purposes."

Opinion	Votes Cast	Percentage (based on shares present or represented at the meeting)
In favor	1,690,511,565	99.93%
Against	1,678,640	0.07%
Abstain	0	0.00%

VIII. NOMINATION AND ELECTION OF THE COMPANY'S DIRECTORS

The Chairman moved on to the next item in the agenda, which is the election of the members of the Board of Directors for the ensuing year 2020-2021. He then called on the Chairman of the Nomination Committee, Mr. Willy Ocier to announce the nomination.

Mr. Ocier proceeded to the election of eleven (11) directors for the ensuing term. He informed the stockholders that out of the 11 directors to be nominated and elected to the board seats of the Company, the Company is required by law to nominate and elect two (2) independent directors. The nominees to the seats for independent directors have been pre-qualified by the Nomination Committee in accordance with the requirements and procedure set forth under Rule 38 of the Securities Regulations Code.

Upon motion duly made and seconded, the following persons were elected as independent directors for the ensuing year until their successors have been duly elected and qualified:

Mr. Winston Chan
Mr. Lawrence Cobankiat

Mr. Ocier presented the nominees for the remaining nine (9) seats in the Board, are as follows:

1. Eusebio H. Tanco;
2. Eng Hun Chuah;
3. Alfredo Abelardo B. Benitez;
4. Paolo Martin O. Bautista;
5. Renato G. Nuñez;
6. Max Aaron Wong;
7. Xiaolu "Lucy" Dong;
8. Mardomeo Raymundo Jr.; and
9. Willy N. Ocier

Upon the inquiry of the Chairman, the Corporate Secretary presented the tally of votes received by each nominee, as confirmed and validated by the Company's stock and transfer agent, STSI, as follows:

Nominee	Votes in favor		Votes against		Abstain	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1)Eusebio H. Tanco	1,692,046,205	99.99%	0	0.00%	144,000	0.01%
2) Eng Hun Chuah	1,692,190,205	100.00%	0	0.00%	0	0.00%
3) Alfredo Abelardo B. Benitez	1,691,896,205	99.98%	0	0.00%	294,000	0.02%
4) Paolo Martin O. Bautista	1,692,040,205	99.99%	0	0.00%	150,000	0.01%
5) Willy N. Ocier	1,691,896,205	99.98%	0	0.00%	294,000	0.02%
6) Winston Chan	1,692,190,205	100.00%	0	0.00%	0	0.00%
7) Lawrence Cobankiat	1,692,190,205	100.00%	0	0.00%	0	0.00%
9) Renato G. Nunez	1,692,040,205	99.99%	0	0.00%	150,000	0.01%
10) Max Aaron Wong	1,692,040,205	99.99%	0	0.00%	150,000	0.01%
11) Xiaolu "Lucy" Dong	1,692,040,205	99.99%	0	0.00%	150,000	0.01%
12) Atty. Mardomeo Raymundo Jr.	1,692,040,205	99.99%	0	0.00%	150,000	0.01%

There being no other nominations, the Chairman declared the eleven (11) nominees as the duly elected directors of the Company for the ensuing year until their successors have been duly made elected and qualified.

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman then announced that the next item in the agenda, the appointment of the external auditor for the ensuing year.

Upon motion duly made and seconded, the following resolution was unanimously approved:

> "RESOLVED, that the incumbent external auditor, SyCip Gorres Velayo & Co. (SGV), is re-appointed external auditor of the Company for the ensuing year."

Opinion	Votes Cast	Percentage (based on shares present or represented at the meeting)
In favor	1,690,511,565	99.93%
Against	1,678,640	0.07%
Abstain	0	0.00%

MP

IX. QUESTION AND ANSWER

The Chairman then called Mr. Freddie Reyes, from the Investor Relations Department to read out the questions that were submitted on time prior to the meeting.

Mr. Reyes presented the questions raised and answered them briefly, as follows:

- **Question #1: What are the current plans for reopening and how do the different quarantine scenarios affect the operations of LR's Retail group?**

In relation to the Retail Group, we have already reopened at least fifty (50) out of One Hundred Ninety One (191) sites as of today. These are the following guidelines for reopening from PAGCOR:

1. If the site is under ECQ / MECQ – the site is not allowed to reopen
2. If the site is under GCQ – the site can conduct a dry run and a trial run subject to the approval of the respective LGUs
3. If the site is under MGCQ –the site can recommence operations subject to the approval of the respective LGUs.

- **Question #2: With regards to the 2019 Annual Report (and the past annual reports). One of the challenges I saw was, with regard to the profitability of the Company, is the Online/Property segment, specifically the business segment working with CEZA.**

  Can you share with us the direction the management is taking with regards to improving the profitability of this business segment of LRWC?

This question refers to our **First Cagayan Group** that has an existing agreement with the Cagayan Economic Zone Authority, otherwise known as **CEZA**. The property segment referred to is **LR Land Developers Inc.** which also operates in the economic zone managed by CEZA.

As to the First Cagayan Group, please note that LR Land Developers Inc. remained operational during the community quarantine period. During the ECQ, there was a mandatory lockdown and all land-based gaming was stopped. However, BPO operations in support of gaming was allowed by CEZA and the licensees in the ecozone continued to operate following the quarantine procedures imposed by the government.

As far as the direction to improve profitability with CEZA, **First Cagayan** and **LR Land Developers Inc.** have plans to develop the infrastructure capacity and availability in the Cagayan Ecozone in order to attract more applicants to operate there. We believe that if the infrastructure becomes available, we can grow our business there by increasing the number of our licensees. In light of the pandemic, other gaming companies have increased and expanded their online presence as well as the number of other gaming locations to conduct their business in. Locating and expanding into the Cagayan Ecozone is a part of their plans.

- **Question #3: What is happening to the other bingo sites? What are the safety/operational measures being undertaken by the Group to assure our patrons and customers that our sites are safe?**

MP

As mentioned, our bingo retail operations group for bingo and Gamezone already have fifty (50) sites that are operational:

- They have worked out guidelines so that our patrons and customers can enjoy the use of the facilities while also making sure our employees are provided a safe working environment.
- Our operations group is closely coordinating with PAGCOR in terms of the strategic guidelines and policies needed to reopen the other gaming sites.
- They are also working with the Local Government Units (LGUs) to follow the guidelines that are imposed by each LGU in terms of social distancing, permits, health rules and many others to follow. Each LGU will have its own guidelines on when a site can open and remain open.

Internally, we have prepared our own internal guidelines to make our premises safe for all our employees. We have operating procedures on what needs to be done prior to entry, registration for contact tracing, procedures to follow right after a patron leaves an EBG machine, or marking off the machines that cannot be used because of social distancing requirements.

The challenge is in the schedules to work through with our employees so that they may all be productive but safe and be able to continue to work. It is in the interest of all the parties (LRWC, PAGCOR, LGU) involved if we can have all have our sites to re-open because the government can start to generate revenues that in turn augments the coffers of the government. We do want to operate and open as soon as we get approval we will. But rest assured that we will always follow the guidelines of PAGCOR, the LGU and other government agencies, such as the Department of Health.

- **Question #4: How is LRWC doing? What are the challenges in the next few months given the COVID 19 situation?**

The Company is doing all it can to address the issues related to this pandemic – health standards, safety protocols and proper work conditions.

In the first two months of 2020, LRWC Retail Group achieved four percent (4%) revenue growth compared to same period last year, as both ABLE and TGXI posted revenue increases. Growth can be attributed to improved marketing activities, additional gaming sites and machines, and faster response to operational concerns and changing market trends which resulted from a more efficient organizational structure. However, this growth was wiped out by the abrupt and unprecedented branch closures (154 ABLE and 36 TGXI sites nationwide) starting mid-March as the government declared community quarantines to prevent further spread of COVID-19.

While revenue inflows were put to halt during quarantine, LRWC Retail Group took efforts to mitigate further losses through cost containment measures, such as requesting lessors for free or lower rental charges and non-deployment of unnecessary contracted services. We have cut down our expenses significantly and based on our projections we will have enough for operations until the end of 2020 and onto 2021.

When PAGCOR's memo regarding eventual re-opening was received in the last week of May, LRWC Retail group immediately prepared and submitted strategic return-to-work guidelines. Sites were disinfected, physical distancing markers were set-up, safety materials and reminder posters were procured and installed in the branches, and employee training on the new SOPs aimed to reduce COVID-19 transmission was conducted. By the end of June, ten (10) ABLE sites resumed operations at fifty percent (50%) occupancy, all located in MGCQ-declared areas. A skeleton workforce was deployed to these 10 sites.

We shall continue to ramp up our efforts in coming up with strategies to facilitate recovery and eventually pursue growth opportunities, while ensuring strict compliance with the rules and regulations set by the government, particularly PAGCOR and the local government units (LGUs) where our venues are located. Our resilience will help us adapt to disruptions and changing business trends while maintaining business operations and safeguarding our people, patrons, assets, and overall brand equity.

Mr. Reyes concluded the question and answer portion and assured the stockholders that Investor Relations will directly reply to the stockholders who sent questions via email should there be any.

X. OTHER MATTERS

During this time, the Chairman took the opportunity to thank Mr. Anthony Almeda and Mr. Ignatius Yenko for their many years of service as members of the Board of Directors of Leisure & Resorts World Corporation. The gentlemen's respective Plaques of Appreciation were shown on screen.

XI. ADJOURNMENT

There being no other business to discuss, the Chairman, on behalf of the Board of Directors and management of the Company, expressed gratitude to all those who participated in the meeting and for their continued support. Thereafter, the meeting was adjourned.

CERTIFIED CORRET:

CAROL V. PADILLA
Corporate Secretary

ATTESTED BY:

EUSEBIO H. TANCO
Chairman

2020 Annual Report

COVER SHEET

0 0 1 - 3 1 7 4

SEC Registration Number

LEISURE & RESORTS WORLD

CORPORATION & SUBSIDIARIES

(Company's Full Name)

26th Floor, West Tower, PSE Center

Exchange Road Ortigas Center

Pasig City

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

Ms. Lucy Dong

(Contract Person)

8 637-5291 5291 to 93

(Company Telephone Number)

1 2 | 3 1

Month *Day*

(Fiscal Year)

17-A

(Form Type)

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2020**

2. Commission identification number **13174**

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

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

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

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

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

8. **8 637-5291**
   Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common	2,417,500,000/NA
Preferred	0 / N/A
Warrants	82,500,000/ N/A

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [/] No [ ]

12. Indicate by check mark whether the registrant:

    a.) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

    Yes [/] No [ ]

    b.) has been subject to such filing requirements for the past ninety (90) days.

    Yes [/] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form (See definition of "affiliate" in "Annex B").

    Aggregate market value of voting stock held by non-affiliates: P1,207,882,131 (based on market price on 30 April 2020).

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

    Yes [ ]   No [ ]

    NOT APPLICABLE

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

    (a) Any annual report to security holders;

    (b)Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b);

    (c)Any prospectus filed pursuant to SRC Rule 8.1-1.

LEISURE & RESORTS WORLD CORPORATION

ANNUAL REPORT
(SEC FORM 17-A)

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business Development

Primary Purpose

Leisure and Resorts World Corporation (hereinafter referred to as "the Company" or "LRWC" or "the Registrant") was incorporated on 10 October 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 P750 million. By virtue of the Agreements, ABLE became a wholly owned subsidiary of the Company.

On 19 September 2000, the Securities and Exchange Commission (SEC) approved the Company's increase in authorized capital stock to P2.5 billion. Out of the aforementioned increase which consists of a total 2.5 billion common shares at P1 par value, a total of 750 million common shares with aggregate par value of P750 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 P1 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 P418,563,336 in the Company's deficit as at 01 January 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 10 October 2011.

Subsidiaries

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. It has thirty-one (31) wholly/majority owned subsidiaries including 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. Since then, bingo outlets of ABLE and its subsidiaries have become community and entertainment centers, a source of revenue for the government, and a sponsor for fund-raising activities relating to social and educational programs.

Total Gamezone Xtreme, Inc. (TGXI)

On 21 July 2014, the Company 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). 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) e-games stations.

On 09 November 2020, the Company's BOD approved the increase in the authorized capital stock from P500,000,000 to P1,000,000,000 divided into 10,000,000 shares with par value of P100 each. The SEC approved the increase on 05 January 2021.

To date, LRWC is the registered owner of 100% of TGXI's outstanding capital stock in the amount of P342,999,500 divided into 3,429,995 shares with par value of P100.

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 P15,000,000 divided into 150,000 shares with par value of P100, of which P3,750,000 has been subscribed. GCLWC was incorporated to comply with Section 18, Chapter III of the Implementing Rules and Regulations of Republic Act No. 7227. GCLWC obtained an Enterprise Registration with the Subic Bay Metropolitan Authority in 2016.

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 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 P1,000,000. 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 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 P750.0 million. 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 Commend 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.

First Cagayan Leisure & Resort Corporation (FCLRC)

On 26 April 2000, FCLRC was incorporated. LRWC acquired 35% of the outstanding capital stock of FCLRC by purchasing 43,750 shares with a par value of P100 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, LRWC's

Board of Directors (BOD) approved the additional investment of 40,000 shares in FCLRC for an aggregate amount of P32 million. This additional subscription to FCLRC's shares brought LRWC'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 P25 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, LRWC now holds 115,000 shares representing 69.68% of the issued and outstanding capital stock of FCLRC.

LR Data Center and Solutions, Inc. (LRDCSI)

On 20 May 2016, LRDCSI was registered with SEC primarily to engage in information technology and communication and to own, develop, produce, design, integrate, install, sell buy, rent, establish, manage, audit, rehabilitate, operate, lease except financial leasing or otherwise dispose of and generally deal in and with systems, facilities, equipment, devices and services involving the processing, movement, monitoring and retrieval of information including but not limited to data, voice, image, video, audio, tone or any form or kind of communication whatsoever, such as but not limited to Internet Protocol (IP) Systems products and their improvements, provide services related thereto, such as value added services (VAS), voice over internet protocol (VOIP), internet merchant payment processing and payment solution, premium dial up access services, IP-wide area network services, software development and applications, data center services, co-location services, bandwidth, disaster recovery services and managed services and such allied undertakings, and as a consequence and as may be necessary useful and convenient in the premises, carry on and undertake such activities which may be reasonably and conveniently carried on in connection with or incidental to above purpose, or calculated, directly or indirectly, to enhance the value of or render profitable, any of the Corporation's property or rights.

The Company is 80% owned by LRWC.

The Company started its commercial operations on October 01, 2017.

First Cagayan Converge Data Center, Inc. (FCCDCI)

On November 14, 2007, 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. The joint venture corporation was formed to engage in the business of information technology such as IP communication, co-location, bandwidth, disaster recovery services, software development, internet merchant payment processing and payment solution, premium dial up access, voice over internet protocol, IP-wide area network services and other value-added services. Presently, FCCDCI provides a range of services to Internet Gaming Operators at the CSEZFP for a fee.

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

On 01 January 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI with a par and issue value of P1 for a total consideration of P16.4 million to LRDCSI.

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

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 P5,000,000, divided into 50,000 shares with par value of P100, of which P1,250,000 has been subscribed and P312,500 has been paid up. On 06 May 2013, the Company's BOD approved the increase in the authorized capital stock from P5,000,000 to P2,000,000,000 divided into 20,000,000 with par value of P100 per share. The SEC approved the increase on February 2014. As of 31 December 2013, LRWC has subscribed and paid P1,450,000,000.

During 2014, LRWC subscribed and paid additional P98,750,000 bringing its total investment to P1,550,000,000.

In 2017, ABLGI incorporated 7 subsidiaries (direct and indirect) including its land holding company for the Boracay project.

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 Philippines, Inc. (TPI) was incorporated, a 50% owned associate of LRLDI, which is engaged in the acquisition, lease, donation, etc. of real estate of all kinds. TPI started its commercial operations in 2016.

On November 4, 2019, the Company sold the 50% interest of TPI shares for the selling price of P1,750,000,000.

Bingo Bonanza (HK) Limited (BBL)

On 15 March 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 and started its operations in March 2012. On 1 February 2014, the company ceased its operation in Hong Kong and is currently applying for the de-registration of its registration with the Inland Revenue & Companies of the company under the Companies Ordinance of Hong Kong.

Binondo Leisure Resources, Inc. (BLRI)

On 11 February 2003 BLRI was incorporated and subsequently amended on 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 P100. On 13 May 2004, the SEC approved BLRI's application for the increase in its authorized capital stock from P5,000,000 divided into 50,000 common shares with par value of P100, to P50,000,000 divided into 200,000 common shares and 300,000 preferred shares both with par value of P100.

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 P1.6 billion to P5 billion divided into 2.5 billion shares of common stock with par value of P1.00 per share and 2.5 billion shares of preferred stock with par value of P1.00 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 the 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 18 August 2014.

Cash Dividends

On 4 June 2018, the BOD approved the declaration of cash dividend equivalent to P0.0425 per share payable to all preferred stockholders of record as of 20 June 2018. On 19 July 2019, the BOD approved the declaration of cash dividend equivalent to P0.0942 per share payable to all preferred stockholders of record as of 2 August 2019. On 24 October 2019, the BOD approved the declaration of cash dividend equivalent to P0.0471 per share payable to all preferred stockholders of record as of 31 December 2019.

There were no cash dividends declared by the BOD to common stockholders of the Company in 2019 and 2020.

Others

On 11 March 2011, the BOD authorized the issuance, through private placement, of P150 million shares from its unissued capital stock at a price of P7.50 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 51% of the outstanding capital stock of HEPI which owns and operates the Midas Hotel and Casino. LRWC's total advances amounted to P750.0 million 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 P1.65 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 P1.65 billion perpetual preferred shares have a par value of P1.00 per share and an issue price of P1.00 per share. The preferred shares are cumulative, non-voting and non-participating. On the fifth anniversary of the issue date of the P1.65 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 P15.00 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 27 November 2017, the BOD authorized ABLGI to avail a loan facility with BDO Unibank, Inc. and approved the terms and transactions contemplated by the Omnibus Loan and Security Agreement by and among ABLGI as borrower, share mortgagor, mortgagor and assignor, ABLGI subsidiaries as sureties, share mortgagors, mortgagors and assignors, LRWC as share mortgagor, mortgagor and surety, ABLE, TGXI, PIKI, BCGLC and FCLRC as sureties, BDO Unibank, Inc. as lender, and BDO Unibank, Inc. - Trust and Investments Group as security trustee.

On November 26, 2018, the Board of Directors proposed to issue up to 1,300,147,488 common shares to investors from the unissued capital stock of the Company. The Company will apply for confirmation of an exempt transaction from the Securities and Exchange

Commission pursuant to Section 10.1 (c) of the Securities Regulation Code as an isolated transaction where the shares shall be issued from the unissued capital stock. The proposed shares to be issued shall be common shares which shall have the same features as the existing common shares outstanding including voting rights and dividend rights. The Board also approved to hold a Special Stockholders' Meeting on January 11, 2019 to seek the shareholders' approval for the proposed private placement.

On December 3, 2018, the Board approved a private placement from its unissued capital stock (Newly Issued Shares) at a price based on a premium over the closing price of the shares of the Company on November 29, 2018. The proceeds of the proposed private placement will be used to refinance some of the company's existing obligations and for general corporate purposes.

On January 11, 2019, the Stockholders approved the issuance of up to 1,300,147,488 common shares from the unissued capital stock through a private placement at a price based on a premium over the closing price of the shares of the Company on November 29, 2018 and approved the grant of authority to the Board to implement the private placement including but not limited to the determination of the issue price and the subscriber or subscribers to the shares to be issued.

In March and April 2019, 1,217,647,488 common shares were subscribed at P3.60 per share by virtue of the subscription agreements entered into by the Company with its investors. The proceeds from the issuance of will be used to refinance the Company's existing obligations, for expansion programs and working capital requirements.

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.

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 2020, around 10,748 machines were installed in 153 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 2020, a total of 155 Rapid Bingo terminals were installed in 148 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.

As of December 31, 2020, ABLE and its subsidiaries/affiliates operates 151 bingo parlors nationwide (inclusive of 2 minority owned bingo parlors). Most of these bingo parlors are 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
		7	IL Centro, Sta.Lucia East Grandmall Marcos Highway,cor Felix Ave., Cainta Rizal
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,
		4	V-Central Mall, Molino Bacoor, Cavite
All Point Leisure Corporation, 100%	7/16/1997	5	3rd Floor, SM Centerpoint, Araneta Avenue cor Magsaysay
Alpha One Amusement and Recreation Corp., 100%	5/23/2013	6	GF & 2F Romero Bldg., 1337 Balintawak Market, EDSA, Balingasa, Quezon City
Big Time Gaming Corporation, 100%	3/27/2006	7	Sunshine Blvd. Plaza, Quezon Ave. Corner Sct Santiago & Panay Ave., Quezon City
		8	2/F Intrepid Plaza Bldg., E. Rodriguez Ave. Bgry Bagumbayan, Quezon City
		9	G/F QY Plaza, 233 Tomas Morato Ave., South Triangle 4, Quezon City
		10	Unit 102, 6th Flr., Web Jet Acropolis Bldg. 88 E. Rodriguez Jr Ave., Bagumbayan 3, Quezon City
		11	Robinsons' Supermarket, EMA Town Center, Brgy. Camalig, Meycauayan Bulacan

		12	G/F Madison Square Alabang Zapote Road, Las Pinas City
		13	G/F Merville Arcade, West Service Road, corner Merville Brgy. 201 Pasay City
		14	2/F Bocobo Commercial Center, #1244 Legaspi St., Bocobo cor Padre Faura St., Ermita Manila
		15	G/F A.S. Commercial Bldg., Unit A, B, C, Falcon St., Brgy Poblacion 5, Sta. Cruz, Laguna
		16	G/F Sogo Bldg., Brgy San APA Mahalika Highway, Cabanatuan City
		17	Puregold San Mateo, Km 21 Gen. Luna St., Brgy Banaba, San Mateo Rizal
		18	G/F Icon Hotel, #967 EDSA corner West Avenue, Brgy Philam, Quezon City
		19	2F Parkmall E. Ouano Ave. Brgy. Tipolo City South Mandaue Reclamation Area,Special Economic Administrative Zone Mandaue City
		20	SkyOne Bldng., Brgy. Isidro Angono Rizal
		21	C. M Recto Avenue Brgy. 313 Zone 31, Sta. Cruz Manila
		22	G/F Jea Bldg. Lopez St., Corner Jalandoni St., Iloilo City
		23	31 J.P. Rizal St, Brgy. Tabok, Mandaue City
		24	3rd Level EJ Arcade,#252 Friendship Highway,Brgy.Anunas,Angeles City
		25	Lucky Chinatown Mall, #293 Lachambre St., Binondo, Manila
		26	Ground Floor, Robinson’s Place,J. Catolico Sr. Avenue, Barangay Lagao , General Santos City
		27	Syquio Business Center Maharlika Highway, Brgy. Daan Sarile Cabanatuan City.
		28	2nd flr. Blue Horizon Bldg.Quezon Avenue Poblacion Alaminos City Pangasinan 2404
		29	Dizon Building # 244 Entiero Street, Brgy. Sto. Cristo, Angeles City Pampanga
		30	2nd flr. Sir Thomas Square. No.18 Matalino St. corner Matatag st. Diliman Quezon City.
		31	#14 Tanjuatco Building, Sampaloc Road, Plaza Aldea, Tanay Rizal

		32	G/F Alabang Zapote Rd. Talon Uno, Las Piñas City
		33	Bldg Sitio Kanluran, Kumintang Ibaba, Batangas City
Bingo Dinero Corporation, 100%	8/19/1998	34	SM City, North Reclamation Area, Cebu City
Bingo Extravaganza Inc., 100%	1/11/1999	35	SM Sucat, Sucat Road, Paranaque City
		36	SM City Bicutan, Don Bosco, Paranaque City
		37	Tonie's Mart, Puerto Princesa, Palawan
		38	A. Salvador St., Sta. Veronica, Guimba, Nueva Ecija
		39	8343 Elorde Sports Complex, San Antonio, Paranaque City
		40	#424 Division Road, Brgy. Sta. Rosa, Bagombong Nueva Vizcaya
Bingo Gallery, Inc., 100%	10/16/1998	41	Liana's Mutya ng Pasig Mall, Caruncho, Pasig City
		42	SM City Mastersons Ave., Canitoan, Cagayan de Oro City
		43	Robinsons Metro East, Santolan, Pasig City
		44	Ground Flr., Molino Blvd., 678 Dampa Wet & Dry Commercial Complex, Brgy Bayaran, Bacoor Cavite
Bingo Palace Corporation, 100%	8/19/1998	45	Robinson's Place, Ermita, Manila
		46	SM Mall of Asia, Pasay City
		47	LGF Congresssional Town Center, #23 Congressional Avenue, Quezon City
		48	G/F Robinson's Luisita Brgy San Miguel, Hacienda Luisita Tarlac
		49	G/F Gaisano Capitol National Road, Labangan, San Jose Mindoro
		50	Ground Floor Sicangco Building, Mc. Arthur Highway, Brgy. San Rafael Tarlac
		51	Benry Square, McArthur Highway Brgy. San Nicolas, Tarlac City
		52	242- C Manly Building Mac Arthur Hi-Way, Dalandanan Valenzuela City
		53	2nd Floor FRC mall Evangelista st., Talaba V., Bacoor City Cavite
		54	2nd flr. Jose Abad Santos Ave., Brgy. Dolores, Northwalk 1,San Fernando Pampanga
		55	UG/F Puregold Novaliches 1018 Quirino Highway Novaliches Quezon City
		56	ATI Bldg, Don Domingo II, Tuguegarao City Cagayan

		57	LG/F, Imall-Camarin. Kiko Rd., Camarin, Caloocan City
		58	GD Plaza, Mc Arthur Highway, brgy. Ilang Ilang, Guiguinto, Bulacan
		59	2/F, HBC Bldg. Norberto St. Brgy. San Jose, San Miguel Bulacan
Cebu Entertainment Gallery, Inc., 100%	9/7/1998	60	Elizabeth Mall, Leon Kilat St., Cebu City
First Leisure and Game Co., Inc., 100%	12/9/1997	61	Robinson's Place, Lacson Street, Mandalagan, Bacolod City
		62	G/F Art District Bldg., Lacson St.,Lopue's Mandalagan, Bacolod City
		63	G/F Gustilo Town Center & Northland Resort, Provincial Road cor National Highway, Manapla, Negros Occidental
		64	G/F Gaisano Mall, Araneta St., Brgy. Singcang, Bacolod City, Negros Occidental
		65	G/F Gaisano Mall, Cagba Brgy Tugbu, Masbate City
		66	G/F Centro Mall Lopez Ave., Batong Malake, Los Banos, Laguna
		67	Rosalie Bldg. Gaisano Door Brgy. Tabunok Talisay City Cebu
		68	2/F Felcris Centrale, Quimpo Boulevard, Brgy. 40-D Davao City
		-	Grand Gaisano Mall Quezon Ave. Digos City Davao (temporarily closed)
		70	G/F DOORS 107/108, JLF Parkway Building A. Pitchon Corner Quirino STS. Davao
		71	Amkor Building National Road Tunasan City of Muntinlupa
		72	3rd Flr. Robinsons Place Tagum, Purok Cacao, Visayan Village, Tagum City
		73	Jose P. Laurel Ave., Brgy. San Antonio, Davao City 2nd Flr.
		74	Chimes Mall, Brgy.27 C,Gov.Sales st. cor Sta. Ana Ave., Davao City
		75	City Mall Mandalagan, Lacson St. cor. G.M. Cordova Ave., Mandalagan, Bacolod City
Galleria Bingo Corporation, 100%	10/27/1998	76	Robinson's Galleria, EDSA, Quezon City (temporarily closed since June 1, 2018)
Gamexperience Entertainment Corp, 100%	5/21/2013	77	G/F Greenhills Town Center , Valencia Quezon City
		78	Pueblo Verde, Mactan Economic Zone-11-Sez Brgy. Basak Lapu-Lapu City Cebu

		79	Ground flr. Gaisano Grandmall Mactan Basak, Marigondon Road corner Ibabao, Gisi-Agus Road, Lapu-Lapu City, Cebu
		80	2nd flr. Blocked D, Mactan Marina Mall, MEPZ 1 brgy. IB, Lapu-Lapu City Cebu
G-One Gaming and Technology, Inc., 100%	4/6/1998	81	Road corner Ibabao, Gisi-Agus Road, Lapu-Lapu City, Cebu SM City Bacoor, Tirona Highway, Cavite
Grand Polaris Gaming Co., Inc. 100%	5/24/2013	82	2/F SM City Cauayan, San Fermin, National Highway, Cauayan City, Isabela
		83	LGU Commercial Bldg., Osmena Avenue, Roxas, Isabela
Highland Gaming Corporation, 100%	6/6/2000	84	Baguio Centermall, Baguio City
		85	SM City Baguio, Luneta Hill, Baguio City
Iloilo Bingo Corporation, 100%	12/1/1999	86	SM City Iloilo, Manduriao, Iloilo City
Isarog Gaming Corporation, 90%	4/24/1998	87	SM City Naga, CBD2, Bgry Trianggulo, Naga City
		88	B3, Unit 1,2,3,544, 55 & 56 ALDP Mall, Roxas Ave Triangulo, Naga City
Manila Bingo Corporation, 95%	9/24/1997	89	SM City Fairview, Regalado, Fairview, Q.C.
Metro Gaming Entertainment Gallery, Inc., 100%	6/24/1998	90	SM Supercenter, Molino Rd., Bacoor, Cavite
		91	5/F 168 Divisoria Mall, Soler St. Binondo, Manila
		92	Unit GF, ANS-08 Pasay City Mall Ave cor Arnaiz, Pasay City
		93	RSAM Center Bldg, J.P. Laurel Cor. Munting Bayan St, Bgry Poblacion IX, Nasugbu, Batangas
		94	Starmall, Bgry Kaypian San Jose Del Monte, Bulacan
		95	G/F MC Arthur H-way Brgy. Del Rosario San Fernando City Pampanga
		96	Metro Towne Center, Marcos Alvarez Avenue, Las Pinas City
Negrense Entertainment Gallery, Inc. 55%	4/24/2012	97	Ground Floor, Robinsons Place Dumaguete Brgy. Calindagan Business District, Dumaguete City
		98	Ground Floor, Lee Plaza Hypermart, Bagacan, Dumaguete City
		99	Ground Floor, CityMall Dumaguete, Veterans Avenue, National Highway, Dumaguete City

		100	Ground Floor, CityMall Golden, West Side , Araneta Avenue, Bacolod City
One Bingo Place, Inc., 80%	5/3/2000	101	SM City Manila, Arroceros St., Manila
One Bingo Pavillion, Inc. 100%	1/28/2013	102	Puregold Price Club, Magsaysay Road, Brgy San Antonio, San Pedro, Laguna
		-	G/F Tawala Panglao Bohol (temporarily closed)
		103	Sky One Bldg, Brgy Baleleng, Bantay Iocos Sur
		104	Bldg 537, Rizal Highway Subic Bay Freeport Zone Zambales
		105	TLJ Building G/F & 2F Brgy. Mabiga Mabalacat Pampanga
		106	S and R Centre, De Venecia Ave., Nalsian, Calasiao, Pangasinan
Rizal Gaming Corporation, 100%	11/12/1998	107	Robinson's Place, Cainta, Rizal
		108	Robinsons Boutique, Cainta, Rizal
		109	ITSP Bldg, Ortigas Ave., Bgry San Isidro, Taytay, Rizal
		110	2nd Flr., Graceland Plaza Bldg., J.P. Rizal St., Brgy. Malanday, Marikina City
		111	Hollywood Suites and Resort, Mac Arthur Highway, Brgy Ibayo, Marilao Bulacan
		112	RMR Graceland, 858 Tandang Sora Avenue, Brgy. Tamo, Quezon City
		113	M.H Del Pilar Street Barangay San Rafael, Rodriguez Rizal
		114	2/F, Ardi Commercial Complex, A.Bonifacio Ave. Parola, Cainta, Rizal
SG Amusement and Recreation Corp., 100%	8/24/2005	115	Greenhills Shopping Center, San Juan City
		116	Wilson Square, P.Guevarra, San Juan City
		117	San Juan Commercial Bldg. F. Manalo corner F. Blumentrit San Juan City
		118	LGF Tagaytay-Nasugbu Highway, Bryg. Dayap Itaas, Laurel Batangas
		119	Makati Avenue corner Anza Street, Barangay Bel-Air, Makati City
South Bingo Corporation, 100%	12/10/1997	120	SM City Davao, Quimpo Blvd., Davao City
		121	G/F Victory Town Center, Lemery Batangas
South Entertainment Gallery, Inc., 100%	12/13/2000	122	SM City, San Fernando City, Pampanga
		123	SM Supercenter, Muntinlupa City
		124	SM City Tarlac, San Roque, Tarlac City

		125	Robinsons Calasiao, Calasiao, Pangasinan
Summit Bingo, Inc., 60%	1/19/1999	126	2nd Flr., New St Bldg., Macarthur Highway, Balibago, Angeles City, Pampanga
Topnotch Bingo Trend, Inc. 100%	6/1/2009	127	2nd Flr., SM City Novaliches, Quirino Highway, Novaliches, Quezon City
		128	5/F Metropoint Mall, Edsa Taft, Pasay City & G/F Metropoint Mall, Edsa Taft, Pasay City
		129	2/F SM City Batangas, Pallocan West, Batangas City
		130	2/F SM City Rosario, Brgy. Tejero Convention, Rosario, Cavite City
		131	2/F SM City Rosales, Mc Arthur Highway, Carmen East, Rosales, Pangasinan
		132	2/F Sm City Marikina, Brgy. Calumpang, Marikina City
		133	2/F SM City Clark, M.A. Roxas Highway, Brgy. Malabanias, Clark, Pampanga
		134	2/F SM City Lipa, Ayala Highway, Brgy Maraouy, Lipa City, Batangas
		135	LGF SM City San Lazaro. F. Huertas St., Sta. Cruz, Manila
		136	SM City Taytay, B1 Bldg. A, Brgy. Dolores, Taytay, Rizal
		137	94 Timog Ave., Ybardolaza street Cor.,Sacred Heart, Quezon City
TOPMOST GAMING CORP. 100%	01/13/1998	138	2nd Flr., SM City Novaliches, Quirino Highway, Novaliches, Quezon City
		139	2nd Flr., SM Hypermarket Cubao, EDSA cor Main Ave., Brgy Socorro 3, Cubao Quezon City
		140	2nd Flr., SM Hypermarket Cainta, Felix Avenue, Cainta, Rizal
		141	2nd Floor, Fortune Plaza Bldg. MacArthur Highway, Brgy. Wawa Balagtas, Bulacan
		142	Sapphire Bldg., Govic Avenue, Paulien Dirita, Iba Zambales
Worldwide Links Leisure and Gaming Corp., 100%	12/8/2011	143	Silver City, Frontera Drive, Dona Julia Vargas Avenue, Pasig City
		144	88 E. Rodriguez Avenue, Brgy. Ugong, Pasig City

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 platform provider.

As of 31 December 2020, TGXI has 33 branches with a total 936 terminals.

Branch	Location	
BANAWE	1	238 Banawe Center, 240 Banawe cor. Panalturan st., Brgy. Manresa Village, Quezon City
BF PARANAQUE 2	2	R.F. Lopez Bldg., Lopez Avenue, Brgy. San Isidro, Parañaque City
BIÑAN-2	3	GF, Kid Tower Mall, Brgy. San Antonio, Biñan City, Laguna
BINANGONAN	4	GF, Grace Building, National Road cor A. Bonifacio St., San Carlos, Binangonan, Rizal
CAINTA 4	5	2ndFloor Saunterfield Bldg. Km 20 Brgy. Sto. Nino Ortigas Ave. Extension Cainta, Rizal
CARMONA	6	Unit 5, Paseo de Carmona, Brgy. Maduya, Carmona, Cavite
CUEVAS VILLE/ MOLINO 2	7	Units 10&11, Cuevasville Commercial Building 3, Daanghari Road, Molino 4, Bacoor, Cavite
DEL MONTE	8	716 Del Monte Avenue, Talayan, QC
DON ANTONIO	9	2F, Don Antonio Sports Complex, Brgy Holy Spirit, Quezon City
FESTIVAL MALL	10	GF, Parkway Lane, Festival Mall, Brgy Alabang, Muntinlupa City
GUIGUINTO	11	2nd Flr., GD Plaza, Mc Arthur Highway, Brgy. Ilang ilang, Guiguinto, Bulacan
HILLSTOP	12	Hillstop Garden Restaurant, Palos Verdes Heights Commercial Area, Sumulong Highway, Brgy. Sta. Cruz, Antipolo City
KARANGALAN	13	GF, D'Jet Commercial Bldg., Imelda Ave., Phase 11-A Lot C, No. 25 and 26, Karangalan Village, Pasig City
KATIPUNAN	14	175 Katipunan Ave., Loyola Heights, Quezon City
KAWIT	15	GF, Bautista Arcade, Brgy Binakayan, Kawit, Cavite
MABALACAT 2	16	Stall 19, Pineda Building, Mc. Arthur Highway, Mabalacat, Pampanga
MADISON	17	GF, Bldg. B, Madison Square #4, Pioneer Street, Mandaluyong City
MALABON	18	Unit 3 Francis Market , Gov. Halili cor M.H Del Pilar Sts., Tenajeros Malabon
MANGGAHAN 1	19	2F, MSI Building, Governor's Drive, Brgy Manggahan, Gen. Trias, Cavite

MAYBUNGA	20	2F, SGC Building, 172 C. Raymundo Ave., Brgy. Maybunga, Pasig City
MEYCAUAYAN	21	665-A, McArthur Highway, Nrgy Bancal, Meycauayan, Bulacan
PACO	22	Unit 3, Topmark Building, Paz Mendoza Guazon St., Paco, Manila
PASO DE BLAS 1	23	2F, LB Bldg., Paso de Blas Road, Valenzuela City
PLARIDEL	24	Amorante Bldg 1, Cagayan Valley Road, Brgy. Tabang, Plaridel, Bulacan
SAN JOSE DEL MONTE	25	Umerez Compound, Tungkong Mangga, San Jose Del Monte City, Bulacan
SAN MIGUEL	26	Total Gas Station, National Highway, Cagayan Valley Road, Brgy. Kamias, San Miguel, Bulacan
SAN RAFAEL	27	141 Cagayan Valley Road, Brgy. Sampaloc, San Rafael, Bulacan
SILANG	28	Brgy. Buho, Silang, Cavite
SILVER CITY	29	GF, Silver City Bldg., Frontera Verde, Bo. Ugong, Paisg City
STA MARIA	30	112 C Gov. Halili Avenue, Brgy. Bagbaguin, Sta. Maria, Bulacan
STARMALL EDSA	31	2F, Starmall Building, EDSA cor Shaw Blvd., Mandaluyong City
VALENZUELA 2	32	GF, Puregold Valenzuela, 419 McArthur Highway, Brgy Dalandanan, Valenzuela City
VISAYAS AVE	33	2F, MSK Building, Tandang Sora, Visayas Avenue, Quezon City

Blue Chip Gaming and Leisure Corporation (BCGLC)

BCGLC has a contract with the Philippine Amusement and Gaming Corporation (PAGCOR) in connection with the VIP Slot Arcade Operation (PAGCOR VIP Club) at Pan Pacific Hotel, Manila, Paseo Premier Hotel, Sta. Rosa, Apo View Hotel, Davao, and Kings Royal Hotel, Bacolor, Universal Park Manila and San Pedro Town Center. Pursuant to the said contract, BCGLC provides the gaming space, high end slot machines, furnitures, fixtures, equipment and systems for the operations of the aforesaid VIP Slot Arcades. The wholly-owned subsidiary of BCGLC, Gold Coast Leisure World Corporation has a contract with PAGCOR for the PAGCOR VIP Club in Venezia Hotel, Subic Bay Economic Zone and Freeport.

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 with 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 gamines 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 per year.

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.

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

On November 24, 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following: (1) CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming; (2) CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements; (3) To protect FCLRC's interest and investment as the pioneer Licensor, CEZA effectively restricted itself from directly issuing Gaming Licenses to FCLRC's current and previous licensees; (4) All applicants for gaming licenses from CEZA shall post the amount of USD100 million as an investment commitment. In consideration of the significant actual and future investments attributable to FCLRC, CEZA shall credit such investments towards the investment commitment compliance of applications for gaming licenses coursed through FCLRC.

As at 31 December 2020, there were 13 licensed locators, 9 of which are operational.

First Cagayan Converge Data Center, Inc. (FCCDCI)

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 with FCLRC owning 60% of the outstanding capital stock. 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 P3.75 million of FCLRC's cash dividend against the subscription payable to FCCDCI.

LR Data Center and Solutions, Inc. (LRDCSI)

LRDCSI is a technology company engaged in aggregating data and telecommunication services. LRDCSI's revenue model involves acquiring services from local and foreign technology and telecommunication companies at wholesale rates, bundling said services and then reselling the services at retail rates.

The premium for such activity is warranted given the bespoke and higher level of customer engagement provided by LRDCSI. LRDCSI's portfolio includes solutions related to data center co-location, Internet, private leased lines, mobile and video platforms, cybersecurity, content delivery networks, e-commerce, and network and website optimization. LRDCSI aims to provide these services to customers and clients in the industry sectors including land based and online gaming operators. LRWC owns 80% of the outstanding capital of LRDCSI while one of the incorporators owns the remaining 20%.

LRDCSI commenced its commercial operations on October 1, 2017.

AB Leisure Global, Inc. (ABLGI)

AB Leisure Global Inc. (ABLGI) and Leisure and Resorts World Corporation (LRWC) entered into various agreements with Belle Corporation (Belle), Premium Leisure and Amusement, Inc. (PLAI) and Belle Grande Resource Holdings, Inc. (Belle Grande) which secured for ABLGI a 30% share of Belle's and PLAI'S economic interests in the City of Dreams-Manila Integrated Resort and Casino located at Aseana Business Park, Paranaque City.

On 04 November 2016, Belle and PLAI ("Belle Group") signed a Termination agreement with LRWC and ABLGI ("LRWC Group"), which would enable the latter to realize its interests under its existing agreements with the Belle Group. Under the agreement, Belle Group will pay the LRWC Group a total of P5,090.0 million, with P1,018.0 million paid upon signing and the balance at the end of March 2017. Until the finalization of the transaction, ABLGI will continue to share in the net lease income and gaming revenue of Belle Group.

The Termination agreement was finalized on 31 March 2017. ABLGI received P4,072.0 million, which comprised of: (1) payment for an outstanding loan of Belle Group to ABGLI amounting to P3,762.0 million, and (2) P310.0 million, of which P110.5 million was a collection of the advances made to Belle while the remaining P199.5 million was lodged under "Other Income" in the Consolidated Statements of Profit or Loss and Other Comprehensive Income, representing assignment of rights in relation to the Advisory services rendered to the Philippine Consortium in favor of Belle. Effective 31 March 2017, ABLGI shall be deemed to have divested its economic interest in the City of Dreams-Manila Integrated Resort and Casino.

In 2017, ABLGI incorporated 7 direct and indirect subsidiaries as follows:

Company	Incorporation Date	Nature of Business
AB Leisure Asia Holdings Inc.	August 30, 2017	Holding Company
AB Leisure Holdings Philippines Corp.	September 6, 2017	Holding Company
G-L Real Estate JV Corporation	September 15, 2017	Real Estate/Leasing
G Boracay Land Holdings Inc.	October 10, 2017	Holding Company
G Boracay Alpha Holding Corp.	October 18, 2017	Holding Company
G Boracay Beta Holding Corp.	October 18, 2017	Holding Company
G Boracay Gamma Holding Corp.	October 18, 2017	Holding Company

In October 2017, LRWC signed an Omnibus Loan and Security Agreement with (OLSA) for P2,500 million with BDO Unibank, Inc. - Trust and Investment Group as Security Trustee and LRWC as Surety. As disclosed, the OLSA was executed to partially fund the acquisition of parcels of land for the planned resort development in Boracay.

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 P700 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 portion of the advances into shares of stocks upon consolidation and issuance of land titles.

LRLDI has significant land properties in Cagayan which are carried at fair value.

<u>Competition</u>

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.

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 37% to 43% 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. PEGS are open 24 hours a day, 7 days a week and are located all over Metro Manila and nearby areas.

Blue Chip Gaming and Leisure Corporation (BCGLC)

BCGLC and GCLWC are competitive with other game operators because of the expertise of its management team in the selection of top of the line & popular slot machines to cope with market demand. Also, the team is effectively managing the venues with appropriate marketing & promotions for the targeted audience.

First Cagayan Leisure & Resort Corporation (FCLRC)

Being the pioneer master licensor of Internet gaming in Southeast Asia, FCLRC is in the forefront in leading the Cagayan Free Port as the premiere Gaming licensing jurisdiction. Prior to September 2016, FCLRC virtually has no competition in the industry in the Southeast Asia region. However, there are around 80 gaming jurisdictions around the globe.

<u>Major Suppliers</u>

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 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 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 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.

Blue Chip Gaming and Leisure Corporation (BCGLC)

As of December 2017, BGLC has 920 slot machines which are supplied by Aristocrat (Australia), IGT (USA), Scientific Gaming (USA), Konami (Japan), Jumbo (Taiwan) and Alfastreet (Slovenia). The PAGCOR VIP CLUBs only caters to its registered members.

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 and 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 P10,197,124.00 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.

In September 2016, ABLE received notices from PAGCOR informing that the PAGCOR's Board of Directors issued an order to ABLE and its subsidiaries to immediately cease the operations of its E-Bingo games at its 36 sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Bingo Games version 2.0. In response to this, LRWC sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, E-Bingo operations at said sites will be transferred to compliant locations. Consequently, ABLE received via email, notices from PAGCOR of the approval by the PAGCOR's BOD to recall the revocation to operate E-Bingo. 20 E-Bingo sites resumed its operations by virtue of the aforesaid approval. The approval was based on the recommendation of PAGCOR's Gaming Licensing and Development Department (GLDD) and the legal opinion of its Corporate and Legal Services Department (CLSD) to honor the licenses of operators whose gaming sites are located inside malls, arcades and hotels and consider them exempted from distance requirements.

The PAGCOR's BOD allowed the resumption of E-Bingo operations until the respective expiration of the licenses of the sites which are renewable every two years. PAGCOR's BOD, GLDD and CLSD are still in the process of studying whether they will permanently maintain the exemption of malls, arcades and hotels from the distance requirements. PAGCOR further allowed the re-opening of 10 sites bringing remaining closed E-bingo operations as of 31 December 2017 to 6.

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

Total Gamezone Xtreme, Inc. (TGXI)

Due to the expiration of IPLMA license of Philweb last 10 August 2016, TGXI closed 3 of its sites as well as 1,494 terminals in its 51 other sites.

The following month, TGXI received notices from PAGCOR informing that the PAGCOR's Board of Directors issued an order to immediately cease the operations of its Electronic Games at its 17 sites due to non-compliance with the distance restriction guidelines under Section 2 of Regulation 3 of the Gaming Site Regulatory Manual (GSRM) for Electronic Games version 2.0. In response, LRWC sent a letter of reconsideration to PAGCOR. Should reconsideration be not given, the Electronic Games operations at said sites will be transferred to compliant locations. Subsequently, PAGCOR allowed the re-opening of 5 sites.

Blue Chip Gaming and Leisure Corporation (BCGLC)

To comply with the requirements of doing business in the Subic Special Economic Zone, the PAGCOR VIP Club at Venezia Hotel, Subic Bay Special Economic Zone with PAGCOR is with Goldcoast Leisure World Corporation (GCLWC), a wholly owned subsidiary of BCGLC.

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.

All contracts with PAGCOR have been renewed and are valid as of reporting date.

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 P9.36 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

PAGCOR's P9.36 million expense (monthly rentals under this Contract of Lease) is deducted from the 35% share of HEPI and in addition, HEPI 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.

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.

On 24 November 2017, FCLRC and CEZA signed a supplemental agreement which provides for the following: (1) CEZA retains the 25-year appointment of FCLRC as a non-exclusive Licensor for interactive gaming; (2) CEZA shall also grant appointment of FCLRC for land-based gaming after it has complied with all requirements; (3) To protect FCLRC's interest and investment as the pioneer Licensor, CEZA effectively restricted itself from directly issuing Gaming Licenses to FCLRC's current and previous licensees; (4) All applicants for gaming licenses from CEZA shall post the amount of USD100 million as an investment commitment. In consideration of the significant actual and future investments attributable to FCLRC, CEZA shall credit such investments towards the investment commitment compliance of applications for gaming licenses coursed through FCLRC.

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 2017, provision for income tax amounted to P97.14 million.

In 2017, ABLE's business and operations were significantly affected by the signing of Executive Order (EO) No. 26 (Smoking Ban) which prohibits smoking within enclosed public places and public conveyances, except in "Designated Smoking Areas" fully compliant with the standards set in the EO.

On April 6, 2018, PAGCOR issued a Memorandum, through its Assistant Vice President, GLDD, stating that on April 4, 2018, PAGCOR's BOD approved the reversion to 5% Franchise tax on income from bingo game operations and bingo sites. The implementation of the 5% Franchise tax on bingo game offerings took effect in the first quarter of 2018. By the virtue of the memorandum issued, ABLE no longer recognized provision for income tax in the first quarter of 2018.

First Cagayan Leisure & Resort Corporation (FCLRC)

As 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.

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

Blue Chip Gaming and Leisure Corporation (BCGLC)

Pursuant to Presidential Decree No. 1869, the Company shall pay PAGCOR equivalent to five (5%) of its gross revenues in relation to its sublease contract with PAGCOR. Such consideration shall represent the Bureau of Internal Revenue (BIR) Franchise Tax. The Franchise Tax shall be deducted by PAGCOR from its lease payments and shall be remitted to the BIR on behalf of the Company on a monthly basis.

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.

LRWC likewise charged management fees to subsidiaries in 2017.

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 Converge Data Center Inc. (FCCDCI)

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

Cost and effects of compliance with environmental laws

All 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. Same goes with TGXI's PeGs and BCGLC's arcades.

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

Employees

LRWC has 129 and 239 employees in 2020 and 2019 respectively. ABLE and its subsidiaries have a total headcount (including personnel provided by manpower agencies) of 1,167 and 2,259 in 2020 and 2019 respectively while TGXI has 249 in 2020 and 440 in 2019. On the other hand, FCLRC has 23 employees in 2020 and 24 employees in 2019 whereas BCGLC decreased its employees to 46 in 2020 from 50 employees in 2019. In 2020, PIKI has 3 employees, LRLDI has 4 employees, ABLGI has 1 employee while FCCDCI and LRDCSI are handled by 46 employees. For the year 2020, 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 Mangbabatas. 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.

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.

Item 2. Properties

The major assets of the Company and its subsidiaries are: land, building, furniture & fixtures, leasehold improvements, slot machines, bingo equipment and paraphernalia. FCLRC and LRLDI own parcels of land within and outside the vicinity of Cagayan Special Economic Zone Free Port.

ABLE and its subsidiaries lease bingo parlors 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.

In 2017, ABLGI through its subsidiary acquired 23 hectares of land in Malay, Aklan for its future project.

Item 3. Legal Proceedings

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

A. AB LEISURE EXPONENT, INC.

1. AB Leisure Exponent, Inc. vs. Katheryn C. Baluyot
   I.S. No. XV-14-INV-191-01517
   Pasig City Prosecutor's Office

   Case Summary:

   AB Leisure Exponent, Inc. (ABLE) filed a criminal complaint for Qualified Theft before the Pasig City Prosecutor's Office against Katheryn Baluyot, the company's former cash flow custodian of the Treasury Department. The company alleged that on 16 May 2019, Katheryn took with intent to gain the amount of Php1,750,000 cash entrusted to her for deposit to the company's bank account.

   It bears emphasizing that ABLE conducted an exhaustive investigation after the discovery of the missing Php1,750,000 which, in turn, led to the discovery of the anomalies relating to the theft of Php1,000,000 and Php1,300,000 on January 2019 and April 2019, respectively.

   The investigating prosecutor dismissed the Complaint-Affidavit due to lack of direct evidence of the culpability of Katheryn. The company filed its Motion for Reconsideration. Ms. Baluyot filed an Opposition dated 4 March 2020. ABLE filed on 8 June 2020 its Reply to the Opposition.

   On 19 March 2021, ABLE timely filed the Petition for Review dated 18 March 2021 before the Secretary of the Department of Justice (DOJ). The case is currently pending with the DOJ.

B. AB LEISURE GLOBAL, INC.

1. Ramona Tumaca et al. vs. AB Leisure Global, Inc., et al.
   Civil Case No. 18-00825 - For Specific Performance
   Regional Trial Court Branch 147, Makati City

Case Summary:

This is a case for Specific Performance and Reconveyance of Property against LRWC subsidiaries in connection with a parcel of land denominated as Lot No. 7322 in Barangay Manoc-Manoc, Boracay Island. Said property was purchased by the subsidiaries from the heirs of Catalino Maming in 2017 using the proceeds of a loan from BDO Unibank, Inc, and is presently mortgaged to the same bank.

On 10 June 2020, the Court issued an Omnibus Order, which granted, among others, the Motion to Withdraw as Plaintiff filed by Ramona Tumaca.

The previously set hearing last 30 March 2021 was cancelled because of the MECQ.

C. BINGO EXTRAVAGANZA, INC.

1. Bingo Extravaganza, Inc. vs. Marlyn R. Mamaril, Michel Gabisan, and Guenevere C. Villanueva
   NPS- Docket No. V-17-20B-0137 for Qualified Theft
   Puerto Princesa City, Palawan Prosecutor's Office

   Case Summary:

   This is a criminal complaint filed by the company against respondents Mamaril and Gabisan, who were the cashiers on duty on 24 October 2019 at our Bingo Boutique branch in Puerto Princesa City, Palawan. They loaded betting credits to the *Instawin* player's account of respondent Villanueva in the total amount of Six Hundred Sixty Three Thousand Five Hundred Forty Nine Pesos and Eighty Four Centavos (Php663,549.84) even if the latter did not pay for the amount of credits loaded.

   The Accused had already fully complied with their obligation under the Compromise Agreement which was previously approved by the Court. On 9 March 2021, the Honorable Court issued an Order dismissing the case.

D. BINGO PALACE CORPORATION

1. People vs. Noli Balistoy y Balla, Raynier Reyes Cristobal, and Reyford Jefferson Balistoy
   Criminal Case No. 1888-6-18 for Robbery
   Regional Trial Court Branch 283, Valenzuela City

   Case Summary:

   Bingo Palace Corporation's Bingo Boutique branch at Manly, Valenzuela City, was robbed by unidentified persons on July 11, 2018. The robbers took the sales of the branch in the total amount of One Hundred Ninety One Thousand Pesos (Php191,000). The police conducted a manhunt and eventually captured the robbers. The instant robbery case was filed against the accused.

   The case is set for promulgation of decision on 4 June 2021.

E. BLUE CHIP GAMING AND LEISURE CORP.

1. People of the Philippines vs. Josie M. Duncil (2015 case)

Criminal Case No. 21155, 21156, 21157, and 21158
Regional Trial Court Branch 42, San Fernando City, Pampanga

Case Summary:

This is a criminal case filed by Blue Chip Gaming and Leisure Corporation against Josie M. Duncil (Josie), its former Human Resource and Administrative Officer, for violation of 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 TwentySeven Thousand Pesos (Php1,327.000). 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 of the players of the VIP Club. The court issued Warrants of Arrest but until now Josie remains at large. The records of this case were sent to the Archives and to be revived upon the arrest of the accused.

It was established that this criminal case has been archived by the court.

F. HOTEL ENTERPRISES OF THE PHILIPPINES, INC.

1. People of the Philippines vs. Hernando Bruce ((2016 case)
Criminal Case No. R-PSY-15-10408-CR
Regional Trial Court Branch 114, Pasay City

Case Summary:
This is an estafa case under Art. 315 of the Revised Penal Code filed by Midas Hotel and Casino/Hotel Enterprises of the Philippines Inc. against its customer, Hernando Bruce, who introduced himself as a bishop of a religious organization. He used the Midas Tent for his groups' gathering on 20 March 2015 attended by 150 persons. After the event, he and the members of the organization left the hotel without paying the hotel facilities that they used and the food and beverages they consumed in the total amount of One Hundred Fifty Thousand Pesos (PhP150,000.00), to the damage and prejudice of the company. The accused jumped bail. He remains at large until now. The records of this case were sent to the Archives and to be revived upon the arrest of the accused.

This criminal case has been archived by the court.

2. People of the Philippines vs. Cheryl Go
Criminal Case No. M-PSY-18-36003-CR
Metropolitan Trial Court Branch 45, Pasay City

Case Summary:

Nature: Criminal Case for Violation of BP 22

Background:

Accused Cheryl Go, an event coordinator, booked rooms and facilities of the hotel for an event to be attended by 100 persons. During the preparation and signing of the contract, Cheryl offered to settle through check payment the total contract price of Php1,148,500. She assured that the check was fully funded when presented for payment. Due to the insistence of Cheryl, the manager accepted the check representing the contract price. After the event, however, when the check was presented for payment, the bank returned the check being drawn against an insufficient fund. Hence, HEPI instituted the instant case. During the mandated Court-Annexed Mediation, the parties entered into a Compromise Agreement, wherein Cheryl promised to pay the amount with interest within 6 months in the total amount of Php1,497,194.20. Cheryl eventually failed to pay said amount leading to HEPI to file a motion to revive the case. Cheryl filed a Comment.

The Pre-Trial of this case was initially set on August 28, 2020. However, Ms. Go appeared before the Court without any lawyer. Considering the ongoing pandemic and to afford Ms. Go an opportunity to engage another lawyer, the court ordered the Pre-Trial to be reset. The previously set hearing last 5 May 2021 was cancelled because of the MECQ.

3. People of the Philippines vs. Rosanna “Rose” Demiar
   Metropolitan Trial Court Branch 46, Pasay City

   Case Summary:

   This is a consolidated criminal case covering sixteen (16) counts of violations of Batas Pambansa Blg. 22 against Ms. Rosanna “Rose” Demiar (Ms. Demiar) in which Hotel Enterprises of the Philippines, Inc. (“HEPI”) is the private complainant. Said cases concern Ms. Demiar’s issuance of sixteen (16) checks made out in the name of HEPI covering an aggregate amount of Four Hundred Eighty Thousand Pesos (PHP 480,000.00) – all of which were dishonored upon deposit.

   The case remains archived, with the Alias Warrant of Arrest issued against Ms. Demiar remaining unserved. Ms. Demiar remains at large and no information as regards her whereabouts is available.

4. Hotel Enterprises of the Philippines, Inc. vs. Rosanna “Rose” Demiar
   Pasay City Prosecutor’s Office

   Case Summary:
   This is a criminal complaint for Estafa by Deceit under Article 315, Paragraph 2 of the Revised Penal Code filed by HEPI against Ms. Demiar, a former indirect employee (agency hired) of HEPI. Said case concerns her collection of a total of PHP 1,260,000.00 from Mr. Ye Guangjian, President of Philhua Shipping Inc., in exchange for what she fraudulently misrepresented to be membership in a hotel membership program and a number of advance room reservations at rates well below published rates both in Midas Hotel & Casino.

   On 8 July 2020, the Prosecutor’s Office issued a Resolution ordering the dismissal of the complaint and advising that the proper party to file the complaint is Mr. Ye Guangjian.

5. In the Matter of the Petition for Voluntary Insolvency and Corporate Liquidation of Petitioner AT (Asia Travel) Phil., Inc.
   Regional Trial Court Branch 158, Pasig City

   Case Summary:

   Asia Travel Phil., Inc. was one of the online travel agents of Midas Hotel since 2011. On 6 November 2018, Asia Travel filed the instant Petition. HEPI filed its Notice of Claims in the total amount of Two Hundred Fifty-Seven Thousand Eight Hundred Five Pesos (Php257,805.00) representing the total outstanding obligation of Asia Travel to HEPI.

A copy of the Omnibus Order dated January 18, 2021 was secured from the court with the following resolutions:

1. Approved Employee Lease Agreement;
2. All concerned creditors (including HEPI) are directed to comment on the compensation/fee proposed by the Liquidator; and,
3. The Liquidator is directed to make the “Updated Preliminary Registry of Claims”.

A Monitoring Conference was set on December 15, 2020. The motions that were set to be heard during the physical closure of Courts (until May 14, 2021) were deemed reset in accordance with the existing Circulars directing physical closure of courts.

G. GAMEXPERIENCE ENTERTAINMENT CORP.

1. GAMEXPERIENCE ENTERTAINMENT CORP. vs. ANNE G. DELOS REYES
I.S. No. VII-12-INV-20C-CO159 for Qualified Theft
Office of the City Prosecutor, Lapu-Lapu City, Cebu

Case Summary:

Anne G. Delos Reyes was a branch cashier of our Bingo Boutique Mactan South Gate Branch located at Pueblo Verde, Lapu-Lapu City, Cebu. We filed the instant complaint for Qualified Theft for her unlawful taking of the sales of the branch on 7 January 2020 in the total amount of Twenty-three Thousand Pesos (Php23,000.00).

A Warrant of Arrest was issued on 2 October 2020. Ms. Anne Delos Reyes is still at large.

H. ONE BINGO PAVILION, INC.

1. Mr. Bayani A. Atienza, Jr. and Ms. Aileen Grace Parra (Revenue Officer and Group Supervisor, respectively, of BIR RDO 57 -West Laguna)

-versus-

Reynaldo P. Bantug and Maria Antonia L. Cabili, former President and Treasurer of One Bingo Pavilion

NPS Docket No. IV-18-INV-20B-00029 for Violation of BIR Law
Office of the City Prosecutor, San Pablo City, Laguna

Case Summary:

BIR RDO 57-West Laguna (Biṅan City, Laguna) filed the instant complaint against former officers of One Bingo Pavilion, Bingo Boutique San Pedro Laguna Branch located at Puregold Building, National Highway, San Antonio, San Pedro Laguna for violation of Section 266 in relation to Section 5 of the National Internal Revenue Code (RA 8424, as amended).

The BIR alleged in their complaint-affidavit that the said officers of One Bingo Pavilion, Inc. failed to obey the Subpoena Duces dated 15 October 2019 requiring the taxpayer to appear before the Office of the Chief, Legal Division of the said BIR office on 29 October 2019 and to bring the stated book of accounts and other accounting records and documents. The Office of the City Prosecutor scheduled two (2) hearings on March 18 and 25, 2020. Due to the enhanced community quarantine the hearings were postponed. Another subpoena will be sent to inform the parties of the new schedule of the hearings.

On 3 February 2021, One Bingo Pavilion Inc. ("OBPI") paid the assessment in full. On 3 March 2021, the Municipal Trial Court in Cities – San Pablo dismissed the criminal case filed against OBPI's former corporate officers in connection with the 2017 Assessment. Accordingly, the warrant of arrest issued against said officers has been quashed, recalled, and set aside.

Labor Cases:

A. LEISURE & RESORTS WORLD CORP.

1. Eric Joseph Y. Mananquil vs. Leisure & Resorts World Corp.
NLRC LAC No. 07-002844-19 and NLRC NCR Case No. 01-0003819
Pending before the Court of Appeals, Manila

Case Summary:

In 2003, Eric Joseph Y. Mananquil ("Eric") was engaged as a consultant of Binondo Leisure Resources, Inc. ("BLRI"), serving as a Project Director. He served with BLRI until 2015. On 15 October 2015, he was hired by LRWC as Head of the Engineering and Logistics Department. In May 2018, Eric submitted his application letter to avail of the retirement benefits under the Retirement Policy of LRWC. However, the management determined that he was not eligible to retirement benefits since he failed to meet the five-year minimum tenure requirement for early retirement. Due to the denial, he submitted a resignation letter but later instituted the instant case before the NLRC. The Labor Arbiter ruled that the complainant was not illegally dismissed. However, the Labor Arbiter added that Eric is entitled to retirement benefits under the Retirement Policy of the Company. On appeal, the NLRC Sixth Division set aside the Decision of the Labor Arbiter and dismissed the Complaint of Eric for lack of merit. The NLRC ruled that Eric failed to present evidence that he was an employee of LRWC for at least five years. Eric filed a Petition for Certiorari before the Court of Appeals (CA) after the denial by NLRC of his Motion for Reconsideration.

As of 3 February 2021, the case is referred to the Philippine Mediation Center. The Supreme Court will release schedule dates for Mediation hearing after the Modified Enhanced Community Quarantine ("MECQ").

2. Gemalyn Divino and Mary Jean Serrano vs. Leisure & Resorts World Corp.
SEAD NLRC-NCR-01-00386-20, National Labor Relations Commission

Case Summary:

Gemalyn N. Divino was the Branch Manager of Bingo Boutique Festival Mall, Alabang. On 29 August 2019, the Internal Audit of the company conducted a random audit at the branch. Based on the result of the audit, the prize fund of the branch was short of P32,000. Notices to Explain were issued to Gemalyn and the two cashiers Maricar Magada and Mary Jean Serrano. Gemalyn admitted that she took the amount of P32,000 from the prize fund with the knowledge of the said cashiers. After due notice and hearing, the committee decided to terminate their employment due to commission of fraud against the company and the consequent loss of trust of confidence since they were occupying positions of trust as cashiers and branch manager. They are now filing the instant case for illegal dismissal.

On 6 March 2020, Ms. Magada accepted the checks representing payment of her final pay. She then executed a Quitclaim in favor of the company.

Item 4. Submission of Matters to a Vote of Security Holders

a) An annual meeting of stockholders of the registrant was held on 28 August 2020. .

b) During the said annual meeting the following persons were elected as directors of the registrant:

1. Eng Hun Chuah*
2. Eusebio H. Tanco
3. Mardomeo Raymundo Jr.
4. Willy N. Ocier
5. Alfredo Abelardo B. Benitez
6. Xiaolu "Lucy" Dong*
7. Paolo Martin Bautista
8. Renato G. Nuñez
9. Max Aaron Wong

with the following as independent directors under Section 38 of the Securities Regulation Code (RA 8799):

10. Winston Chan
11. Lawrence Cobankiat

* Ms. Xiaolu Dong resigned on 2 December 2020, and her seat was later on filled up with the appointment of Mr. Restituto O. Bundoc on 17 December 2020. Mr. Eng Hun Chuah also resigned on 17 December 2020, and was replaced by Mr. Ngam Bun Cheung on same date.

c) During the annual meeting of stockholders of the registrant last 28 August 2020, 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 Stockholders' Meeting held on 26 July 2019;

2. Approval of Annual Report and Audited Financial Statements for the fiscal year 2019;

3. Ratification of actions taken by the Board of Directors and Officers since the last annual meeting held on 26 July 2019

4. Nomination and Election of the Corporation's Directors; and,

5. Appointment of external auditors for year 2020.

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

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

a) 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, including the volume of transactions for each quarter.

QUARTER ENDING	IN PHILIPPINE PESO				VOLUME (MAIN BOARD)	VOLUME (TOTAL)
	HIGH	HIGH_ ADJ*	LOW	LOW_ ADJ*		
1Q 2019	4.05	4.05	3.20	3.20	63,446,000	63,446,000
2Q 2019	4.86	4.86	3.60	3.60	116,732,000	116,732,000
3Q 2019	4.11	4.11	2.97	2.97	55,230,000	55,230,000
4Q 2019	3.28	3.28	2.37	2.37	21,703,000	21,703,000
1Q 2020	2.48	2.48	1.69	1.69	17,196,667	17,196,667
2Q 2020	1.69	1.69	1.37	1.37	9,443,333	9,443,333
3Q 2020	1.39	1.39	1.16	1.16	6,386,667	6,386,667
4Q 2020	1.93	1.93	1.52	1.52	18,100,000	18,100,000

*There were no adjustments during 2020 and 2019.

Closing Market Price as of 31 December 2020 is P1.92 per share. On the other hand, the Closing Market Price as of 30 April 2020 is P1.60 per share.

The Company complied with the required minimum public ownership. As of 31 December 2020, total number of common shares owned by the public is 754,926,332 shares or equivalent to 62.92% of the total issued and outstanding common shares. The warrants owned by the public as of 31 December 2020 is 82,500,000, or equivalent to 100% of total issued and outstanding warrants.

The Company's earnings (loss) per share are: (P0.5370) per share in 2020 and (P0.0668) in 2019.

b) Holders

The stock transfer agent reported 1,822 holders of common shares of the registrant, and 2 holders of warrants as of 31 December 2020. 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)	706,049,164	29.21
2	Fortunegate Holdings Philippines, Inc.	230,000,000	9.51
3	Globalist Technology Company Limited	230,000,000	9.51
4	Colonial Group Holdings Corporation	230,000,000	9.51
5	XII Capital Inc.	230,000,000	9.51
6	Leisure Advantage, Inc.	176,647,488	7.31
7	Alfredo Abelardo B. Benitez	134,841,249	5.58
8	Euphonius Holdings, Inc.	121,000,000	5.01
9	Grandshares Inc.	120,000,000	4.96
10	Zoraymee Holdings, Inc.	111,267,658	4.60
11	PCD Nominee Corporation (Non-Filipino)	49,600,562	2.05
12	Dominique L. Benitez	31,680,000	1.31
13	AB Leisure Exponent, Inc.	21,567,000	0.89
14	Willy Ng Ocier	2,125,200	0.09

	Name	No. Of Shares Held	% To Total
15	Paul Luis Paul P. Alejandrino	1,426,224	0.06
16	Jianxi Li	1,026,000	0.04
17	Liberty Farms, Inc.	809,129	0.03
18	Provident Insurance Corporation	591,023	0.02
19	Brisot Economic Development Corporation	512,004	0.02
20	Visayan Surety & Insurance Corporation	486,294	0.02

Below is the summary list of foreign ownership as of 31 December 2020, 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	10	141,117	0.01
Chinese	75	3,140,621	0.13
Filipino	1,728	1,674,566,775	69.27
Others	9	739,651,487	30.59

Warrants are composed of 99.45% Filipino and 0.55% Foreign.

c) 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 except in cases where the Company does not have enough retained earnings or is in a deficit position. For nine consecutive years, the Company distributed cash dividends to its shareholders. In the past years, cash dividends declared to common shareholders were equivalent to P0.060 per share in 2007, P0.060 per share in 2008, P0.060 per share in 2009, P0.080 per share in 2010, P0.075 per share in 2011 and 2012, P0.080 in 2013 and 2014, P0.120 in 2015, P0.080 in 2016 and P0.070 in 2017.

d) Recent Sale of Unregistered Securities

The issuance of P1.65 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	Shares	Php
PCD Nominee Corporation (Filipino)	1,596,860,000	1,596,860,000
GSIS Provident Fund	50,000,000	50,000,000
PCD Nominee Corporation (Non-Filipino)	1,440,000	1,440,000
Mary Lou Santos Cera-Garcia	1,000,000	1,000,000
Mary Lou Cera Garcia	700,000	700,000
TOTAL	**1,650,000,000**	**1,650,000,000**

The P1.65 billion perpetual preferred shares were 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 P1.65 billion perpetual preferred shares have a par value of P1.00 per share and an issue price of P1.00 per share. The preferred shares are cumulative, non-voting and non-participating. On the fifth anniversary of the issue date of the P1.65 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 P15.00 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.

On January 31, 2020, all P1,650,000,000 preferred shares are redeemed at a redemption price of P1.00 and recorded as treasury shares in the books of the Company.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

Comparable Discussion on Material Changes in Results of Operations and Financial Condition

2020 vs. 2019

LRWC Operations

LRWC is functioning as a holding company with minimal operations. LRWC is focusing its endeavor in supporting the productivity programs of its subsidiaries as grouped in the following segments: **CASINO** (1) Prime Investment Korea, Inc. (PIKI - 100% owned), (2) Blue Chip Gaming and Leisure Corporation (BCGLC - 100% owned),(3) Gold Coast Leisure World Corp. (GCLWC - 100% owned) (4) Hotel Enterprises of the Philippines, Inc. (HEPI 51% owned, joint venture); **ONLINE** (5) First Cagayan Leisure and Resort Corporation (FCLRC - 69.68% owned), (6) LR Data Center and Solutions, Inc. (LRDCSI - 80% owned), (7) First Cagayan Converge Data Center Inc. (FCCDCI - 57.8%); **RETAIL** (8) AB Leisure Exponent, Inc. (ABLE - 100% owned), (9) Total Gamezone Xtreme, Inc. (TGXI - 100% owned); and **PROPERTY** (10) AB Leisure Global, Inc. (ABLGI - 100% owned), (11) LR Land Developers, Inc. (LRLDI - 100% owned).

Based on PFRS 3, Business Combination, LRWC has not amortized the goodwill on its investments in its subsidiaries. Instead, PFRS 3 requires for an annual test for goodwill impairment. On the basis of the test for impairment of goodwill, there is no need to provide for allowance for impairment in 2019.

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

LRWC's aim is to enable shared services functions that will provide consistent managerial and administrative services to all of its subsidiaries including marketing programs and continuous organizational changes.

The total operating expenses of LRWC amounted to P291.9 million in 2020, a decrease of P157.3 million from last year's P492.2 million.

LRWC recorded its 51% share in the net results of Hotel Enterprises of the Philippines, Inc. (HEPI) beginning the third quarter of 2013. In 2020, LRWC's share in HEPI's net loss amounted to P102.4 million or a decrease of P251.4 million or 168.75% as compared to last year's share in net income of P149.0 million.

Consolidated Result of Operations

LRWC posted a consolidated total comprehensive loss (after minority interest) of P1,301.2 million in 2020 as compared to P60.4 million in 2019. The suspension of all gaming operations due to the Covid-19 pandemic and subsequent community quarantine restrictions imposed by the Philippine government from mid-March to June 2020 was primarily responsible for the drastic drop in net income. Even after gaming operations were reopened, many of the sites remained closed for a variety of reasons, such as safety concerns or lower traffic due to restrictions brought by the community quarantine. The Company undertook several cost-cutting and cost-reduction steps to mitigate the effects of lost sales during the pandemic.

PIKI Operations

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

In 2020, PIKI's net loss amounted to P81.6 million, a further decrease of P22.2 million or 37.34% from 2019's net loss of P59.4 million. Between mid-March 2020 and December 31, 2020, operations were suspended due to the pandemic, which resulted in the decline of PIKI's income.

BCGLC Operations

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

On 24 July 2015, BCGLC incorporated a subsidiary, GCLWC with authorized capital stock of Fifteen Million Pesos (P15,000,000.00) divided into One Hundred Fifty Thousand shares (150,000) with par value of P100.0, of which Three Million Seven Hundred Fifty Thousand Pesos (P3,750,000.00) has been subscribed. GCLWC was incorporated to comply with Section 18, Chapter III of the Implementing Rules and Regulations of Republic Act (R.A.) No. 7227. GCLWC obtained its Certificate of Registration from the Subic Bay Metropolitan Authority on 2 August 2016.

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

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

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

On March 16, 2018, BCGLC entered into a Lease and Technical Assistance Agreement with Entertainment Gaming Philippines, Inc. (EGP) for the lease of slot machines. By virtue of the Agreement, BCGLC shall be paid an amount equivalent to 16% of the Monthly Net Wins derived from the operations of the leased machines.

On January 19, 2019, BCGLC entered into an Asset Purchase Agreement with EGP for the sale of two (2) PAGCOR VIP Clubs at San Pedro Town Center, Laguna and Universal Park Mall, Sta. Cruz, Manila.

BCGLC and GCLWC's combined turnover decreased from P33.1 billion in 2019 to P12.9 billion in 2020. Consequently, combined revenues for the year ended 31 December 2020 amounted to P233.0 million, a drop of P402.5 million or 63.33% from P635.5 million in 2019 whilst operating expenses declined by P114.5 million or 29.23%. As a result, net loss for the year amounted to P88.8 million, a decrease of P247.5 million or 155.91% from last year's net income of P158.8 million.

FCLRC Operations

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

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

FCLRC's revenues amounted to P303.9 million in 2020, representing a decrease of P195.3 million or 39.1% from last year's revenues of P499.2 million. Despite the fact that the number of operating licensees remains the same at 9 in both years, the decrease was mainly due to the lesser renewal of licensees from 22 last year to 13 in 2020. Hosting fees amounted to P315.9 million in 2020 a decreased by P50.9 million or 13.9% from prior year while license application fees amounted to P29.9 million, a decreased by P37.2 million or 55.4% from last year.

FCLRC's cost and OPEX amounted to P112.5 million, likewise decreased by P40.4 million or 26.8% from last year.

FCCDCI/LRDCSI Operations

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

FCCDCI commenced its commercial operations on 01 January 2008, thus, since then until 31 December 2016, FCLRC's statement of income includes 60% equity in net earnings from FCCDCI.

On 01 January 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI with a par and issue value of P1 for a total consideration of P16.4 million to LRDCSI.

By virtue of the Deed of Absolute Sale of Share of Stock entered into by IPVI and LRDCSI, LRWC obtained a 57.808% effective interest and control in FCCDCI through its direct subsidiaries FCLRC and LRDCSI at 60% and 20% equity stake in FCCDCI, respectively.

Thus, due to the effect of the 20% additional equity interest, FCCDCI is consolidated into the Group effective 01 January 2017.

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

LRDCSI owns 20% of the outstanding capital stock of FCCDCI effective 01 January 2017.

LRDCSI started its commercial operations in the last quarter of 2017.

Total revenue decreased by P166.8 million from P621.4 million in 2019 to P454.6 million in 2020 while total direct costs and operating expenses also decreased by P61.5 million from P574.0 million in 2019 to P512.5 million in 2020. The LRDCSI Group has initiated measures to manage these costs by terminating redundant lines.

Total consolidated net loss of FCCDCI and LRDCSI amounted to P61.7 million, net of minority and equity share in 2020, a decrease of P79.5 million or 445.52% from P17.9 million in 2019.

ABLE Operations

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

Site Count

In 2017, ABLE through its subsidiaries, acquired six (6) sites to expand its bingo operations. Difference between the total consideration of P58 million and fair value of identifiable assets of P9.28 million resulted to a goodwill of P48.72 million.

While four (4) sites are permanently closed and one (1) site was temporarily closed in 2019, ABLE opened six (6) new sites around the country as part of its plan to expand the business.

ABLE permanently closed two (2) sites and one (1) site was temporarily closed in 2018.

As of 31 December 2020, ABLE has a total of 109 operating sites, with no newly-opened sites within the year, while there were four (4) permanently closed sites and forty - two (42) temporarily closed sites.

Revenues

ABLE and its subsidiaries generated total revenues of P2,279.2 million in 2020, a decline of P5,571.4 million from the P7,850.6 revenues for the same period last year. The revenue decline was mainly attributable to the temporary closure of all sites starting mid of March to May of 2020. Whilst operations were re-opened again for some sites in June 2020, some remained closed due to stricter community restrictions in some places particularly in the National Capital Region.

E-Bingo has become ABLE's principal product line as its contribution has been increasing faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. In 2020, E-Bingo sales represented 76.59% or P1,745.7 million out of ABLE's total revenues. As of 31 December 2020, there were a total of 10,748 E-Bingo machines in 151 bingo parlors as compared to 10,978 E-Bingo machines in 153 bingo parlors as of 31 December 2019.

Revenues from Traditional Bingo decreased by P1,792.4 million or 80.88% to P423.8 million in 2020 from P2,216.2 million in 2019. Traditional bingo operations remains closed since mid-March, in accordance with government rulings on social distancing.

In 2020, sales from Rapid bingo contributed P85.9 million or 3.77% of total revenues, behind by P198.3 million from last year's P284.2 million or 3.62% of total revenues. By end of 2020, a total of 156 Rapid Bingo terminals were installed in 149 bingo parlors.

Revenues from Pull-tabs amounted to P6.8 million, which decreased by P12.2 million from P19.0 million in 2020.

Cost and Expenses

In an effort to mitigate the losses from the foregone revenue during the pandemic, several cost reductions and cost savings measures were implemented which resulted to a decrease in ABLE's consolidated costs and operating expenses amounting to P2,889.6 million in 2020 decreased by P4,792.2 million from P7,681.8 million in 2019. The PAGCOR mandated change in tax regime from the 30% corporate income tax to the 5% franchise tax and passing of prize tax to the operator. Cost and expenses also includes the impairment of non-recoverable input vat amounting to P26.2 million due to the same reason above.

ABLE has already applied for a tax ruling for its VAT exempt status with the BIR. Once obtained, it will contribute at least P28.0 million to the bottom line as well as cash flow annually.

Net Income

ABLE posted consolidated net loss (net of minority share and dividend income) amounting to P681.6 million, which decreased in the amount of P727.6 million from last year's net income of P46.0 million.

TGXI Operations

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

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

Site Count

In 2018, TGXI opened two (2) additional sites and closed five (5) sites arriving to a total of thirty six (36) sites. There were no changes in the number of sites as of 2020.

Revenues

TGXI generated revenues amounting to P124.9 million in 2020 representing its share in revenues from the management and operation of the PAGCOR E-games Stations (PeGS). This was lower by P186.7 million or 59.92% than the recorded revenues in 2019 amounting to P311.6 million.

Cost and Operating expenses

Total cost and operating expenses decreased by P122.3 million or 42.78% from P285.8 million in 2019 to P163.6 million in 2020. TGXI recorded an overall savings from its operating expenses which are mainly from (1) rent concessions (2) reduction in manpower expenses and (3) savings from marketing expenses among others.

Net Income

TGXI posted a decrease of P52.8 million in its net loss of P41.7 million in 2020 from net income of P11.1 million in 2019.

ABLGI Operations

On 04 November 2016, Belle and PLAI (“Belle Group”) signed a Termination agreement with Leisure and Resorts World Corporation and AB Leisure Global, Inc. (“LRWC Group”), which would enable the latter to realize its interests under its existing agreements with the Belle Group. Under the agreement, Belle Group will pay the LRWC Group a total of P5,090.0 million, with P1,018.0 million paid upon signing and the balance at the end of March 2017. Until the finalization of the transaction, ABLGI will continue to share in the net lease income and gaming revenue of Belle Group.

The Termination agreement was finalized on 31 March 2017. ABLGI received P4,072.0 million, which comprised of:(1) payment for an outstanding loan of Belle Group to ABGLI amounting to P3,762.0 million, and (2) P310.0 million, of which P110.5 million was a collection of the advances made to Belle while the remaining P199.5 million was lodged under “Other Income” in the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income, representing assignment of rights in relation to the Advisory services rendered to the Philippine Consortium in favor of Belle. Effective 31 March 2017, ABLGI shall be deemed to have divested its economic interest in the City of Dreams-Manila Integrated Resort and Casino.

In 2017, ABLGI through its subsidiary acquired 23 hectares of and property in Boracay for its future project.

In 2017, Management decided to change its accounting policy to recognize its investment properties at their appraised (FV) amounts to properly reflect its true value. Gain (net of tax) from the revaluation of its building (Binondo Suites) amounted to P4.7 million in 2017. In 2018, ABLGI recognized a gain (net of tax) from the revaluation of its building and Boracay land amounting to P1,304.5 million.

In 2018, ABGLI entered into a consultancy agreement with a third party company to perform, among others, services related to project, and offshore development, gaming and other licenses. Revenue from consultancy amounted to P169.7 million.

In 2020, ABLGI registered net loss amounting to P3.5 million, a decrease of P1,366.8 million or 100.26% from last year’s P1,363.3 million net income, mainly due to last year’s recognition of extraordinary income which is the increase in the valuation of properties in Aklan. Losses are mitigated due to the reduction in the loan interest rates.

LRLDI Operations

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

LRLDI is also committed in supporting the development of Cagayan Special Economic Zone and Free Port (CSEZFP). In executing an agreement with Cagayan Premium Ventures

Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), LRLDI has established its support by investing funds into the Lal-Lo Airport Project, Cagayan Economic Zone and Freeport (CEZFP) International Airport Project, and other facilities within the CSEZFP. These projects aim to improve and further advance CSEZFP into a self-sustaining industrial zone.

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

Retrospective 2014, Management reclassified portion of the advances to CLPDC to investment properties (land) which the Company has legal title and ownership amounting to P6.4 million. In 2017, Management decided to change its accounting policy to recognize its investment properties at their appraised (FV) amounts to properly reflect its true value. Gain (net of tax) from the revaluation of its land properties and Cyberpark building amounted to P140.6 million and P174.7 million in 2018 and 2017, respectively.

In 2020, LRLDI registered a net income of P62.7 million, an increase of P956.6 million from the net loss of P893.9 million in 2019. The loss in 2019, is primarily due to the taxes and losses incurred from the sale of TechZone shares whilst the gain in 2020 is due to the increase in valuation of the property in Cagayan.

Consolidated Financial Condition

The total consolidated assets of LRWC and subsidiaries as of 31 December 2020 of P18,684.1 million decreased by P2,746.9 million or 12.82% from P21,431.0 million as of 31 December 2019 mainly due to impairment in accounts receivables and goodwill, sale of transportation equipment.

The following are the significant changes in the liabilities of LRWC and subsidiaries: (1) decrease in Trade and other payables of P112.7 million attributable to lower outstanding payable to suppliers; (2) increase in Loans payable of P240.9 million due to several loan restructuring, and (2) increase in deferred tax liabilities of P81.3 million arising from the unrealized gain on revaluation of investment properties.

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.

Key Performance Indicators

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

Key Performance Indicator	Formula	2020	2019
Current Ratio	Current Assets / Current Liabilities	50.9%	123.0%
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	83.9%	63.5%
Asset to Equity Ratio	Total Assets / Stockholders' Equity	183.9%	163.5%
Payout Turnover	Traditional Bingo Revenues / Payout	1.27 times	1.37 times
Return on Average Equity	Net Income* / Average Stockholders' Equity	(11.5%)	1.0%
Return on Average Assets	Net Income* / Average Total Assets	(6.7%)	0.5%
Solvency Ratio	Net Income* + Depreciation* / Total Liabilities	(9.6%)	9.1%
Interest Coverage Ratio	Income Before Interest & Tax* / Interest Expense	(3.0)	2.8
Net Book Value Per Share	Stockholders' Equity / Weighted Average Shares Outstanding	4.2	6.5
Basic Earnings (Loss) Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	(0.5370)	(0.0668)

Plans for 2021

RETAIL

In 2020, the Retail Group continued to elevate its standards, constantly adapting to the changing business atmosphere brought by the pandemic while prioritizing the health and safety of our people. Our teams have showed great resilience and adaptability as the crisis prolonged and heavily impacted our retail operations. In particular, our branches experienced closures following quarantine declarations and government-mandated lockdowns. However, our good relations with our suppliers and leasing partners paved the way for the essence of "Bayanihan to Heal as One" to prevail as we were able to negotiate waivers and favorable concessions. We also implemented other cost optimization strategies. Aside from these fire-fighting steps, we also have an ultimate goal of securing a sustainable future for our business and continue to deliver value to all our stakeholders, hence, the need to innovate and adapt to the changing consumer and business landscape.

For 2021, we will remain headstrong towards embracing change and setting the business on a path of growth and innovation. Our ambition is to pivot our business and gain new revenue streams via digital transformation (e.g., online games). At the same time, we shall continue to achieve operational efficiencies by streamlining processes as well as reskilling our human capital to ensure an agile and dynamic workforce. It is also our commitment to reduce our debts through restructuring, as well as optimize our costs at branch level, including negotiating for rent concessions. We shall continue to improve our relations with our vendors, so that we can rally for their support of our growth and innovation plans. We also expect COVID-19 restrictions to ease in the 2nd half of the year, thus, we also project an increase in GGR alongside the increase in operational sites. We plan to leverage on this by extending operating hours in strategic sites and re-igniting customer relations.

We shall continue to support our employees, customers, suppliers and communities while shifting our focus towards innovation, profit maximization and cost mitigation measures in our operations. Hopefully, when the time is right, we may then re-visit our expansion plans which were previously in the pipeline prior to COVID-19.

CASINO

Product Improvement

Product improvement is the process of making meaningful product changes that result in new customers or increased benefits realized by existing customers. BCGLC will replace the existing old model of EGM and ETG to the latest models available.

At the same time, BCGLC will also replace the non-performing EGM such with those games that have proven its performance in major casinos in the Philippines in order to maximize the gaming revenue.

Marketing and Promotion

BCGLC marketing plan in 2021 will be based on the following: (1) Product - increase the game mix; (2) Price - various denomination games installed in each club to attract all level of players; and (3) Promotion - intense marketing activities will be held on a weekly, monthly and quarterly basis.

Club Enhancement

Transform the traditional PAGCOR VIP Club to a boutique style casino which allow customers to enjoy their playing time in a quiet and cozy gaming room.

ONLINE/PROPERTY
Following the clarification of the government's position regarding the licensing and regulation of entities involved in online gaming operations and ancillary support services through the issuance of Executive Order 13 in February 2017, FCLRC initiated efforts to put in place the critical elements that are necessary for the CSEZFP to regain its historical status of being the premier online gaming jurisdiction in Asia. Specifically, FCLRC has identified and taken steps to address the following:

Accessibility
FCLRC has determined that the main gateway to the CSEZFP will be through the Cagayan North International Airport (CNIA) located in the municipality of Lal-lo, approximately 80 kilometers southwest of FCLRC's business operations in Santa Ana. LRWC, through its wholly-owned subsidiary LR Land, funded over 50% of the development cost of CNIA through advances to airport owner and operator Cagayan Premium and may convert such advances into majority equity in the airport owner in the future. CEZA provided the other 50% funding for CNIA.

In 2018, a chartered airline servicing one of the locators in Santa Ana successfully launched its maiden flight between Macau and Lal-lo. The chartered airline now flies two round trips a week from Lal-lo to Macau. Also, in 2018, consultants were engaged to assist Cagayan Premium to obtain the authorization from the CAAP for CNIA to operate as a commercial airport. It is expected that with the appointment of trained airport personnel, planned upgrade of the passenger terminal, procurement of ground handling equipment and installation of navigational systems by the 4th quarter of 2020, CNIA will finally be able to operate as a fully-functional commercial airport.

Master-planned Business Park
Initially focusing on its leased 10-hectare property in Santa Ana (Cyberpark) for development, FCLRC is expanding its plans to cover a significantly larger area beyond Cyberpark. In doing so, FCLRC can properly envision and execute a master-planned development that incorporates office, residential and retail commercial buildings as well as recreational areas into a self-contained community catering to online gaming and financial technology companies. FCLRC expects actual master-planning work to commence late in the second quarter or early in the third quarter of 2021. Horizontal land development preparatory work should begin shortly after.

Licenses
To provide the appropriate regulatory environment to its infrastructural development plans, FCLRC successfully renewed its master licensor from CEZA in 2017. In addition, FCLRC was also awarded by CEZA the first land-based casino license in CSEZFP in late 2018. For 2020, FCLRC is angling to obtain a principal financial technology license and explore opportunities involving blockchain technology and cryptocurrency.

LRDCSI, has built a robust data network infrastructure in Cagayan that is connected to its Metro Manila facilities. Together, both the Cagayan and Metro Manila nodes offer world-class internet connectivity that is essential to online gaming operators. These nodes are, in turn, connected to LR Data nodes located in other countries in the Asia Pacific region. For 2018, additional capital expenditures are programmed to further improve the quality of this data network infrastructure and a new Tier One data center will be on the drawing board. For 2021, additional capital expenditures are programmed to improve facilities in both Cagayan and Manila as follows:

In Cagayan:

1. Initiate the plan including timelines and BOM for a redundancy path for the underground fiber facilities to further improve the stability and uptime of network facilities in the zone. Project implementation will be dependent on management direction and approval.
2. Expand the fiber network in preparation for new CEZA enterprise locators as well as the planned developments of LRLDI and FCLRC.
3. Maximize use of existing fiber optic network to cater to retail markets within the zone.
4. As planned in 2018, LRDCSI will move forward on the new data center facility in the zone and come up with the terms-of-reference for a purpose-built Tier-3 modular data center.

In Manila:

1. Complete the procurement of network equipment to enable end-to-end MPLS services further improving network service performance.
2. Maximize existing Cloud infrastructure to cater to more enterprise and non-gaming customers in Manila.
3. Extend the LRDATA cloud services to Taiwan thru the existing LRDATA Taiwan node to cater to growing gaming BPO operations in the country.
4. Explore other VAS opportunities that may be offered not just to gaming customers but also to other enterprise customers.

2019 vs. 2018

LRWC Operations

LRWC is functioning as a holding company with minimal operations. LRWC is focusing its endeavor in supporting the productivity programs of its subsidiaries as grouped in the following segments: **CASINO** (1) Prime Investment Korea, Inc. (PIKI - 100% owned), (2) Blue Chip Gaming and Leisure Corporation (BCGLC - 100% owned),(3) Gold Coast Leisure World Corp. (GCLWC - 100% owned) (4) Hotel Enterprises of the Philippines, Inc. (HEPI 51% owned, joint venture); **ONLINE** (5) First Cagayan Leisure and Resort Corporation (FCLRC - 69.68% owned), (6) LR Data Center and Solutions, Inc. (LRDCSI - 80% owned), (7) First Cagayan Converge Data Center Inc. (FCCDCI - 57.8%); **RETAIL** (8) AB Leisure Exponent, Inc. (ABLE - 100% owned), (9) Total Gamezone Xtreme, Inc. (TGXI - 100% owned); and **PROPERTY** (10) AB Leisure Global, Inc. (ABLGI - 100% owned), (11) LR Land Developers, Inc. (LRLDI - 100% owned).

Based on PFRS 3, Business Combination, LRWC has not amortized the goodwill on its investments in its subsidiaries. Instead, PFRS 3 requires for an annual test for goodwill impairment. On the basis of the test for impairment of goodwill, there is no need to provide for allowance for impairment in 2019.

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

LRWC's aim is to enable shared services functions that will provide consistent managerial and administrative services to all of its subsidiaries including marketing programs and continuous organizational changes.

The total operating expenses of LRWC amounted to P492.2 million in 2019, a decrease of P106.6 million from last year's P385.6 million.

LRWC recorded its 51% share in the net results of Hotel Enterprises of the Philippines, Inc. (HEPI) beginning the third quarter of 2013. In 2019, LRWC's share in HEPI's net income amounted to P149.0 million or an increase of P34.1 million or 29.67% as compared to last year's share in net income of P114.9 million.

Consolidated Result of Operations

LRWC posted a consolidated total comprehensive income (after minority interest) of P60.4 million in 2019 as compared to P500.9 million in 2018. The significant decrease in net income was mainly attributable to the loss on sale of an investment which amounted to P741.5 million loss. However, revenues continue to grow from P9,913.8 million in 2018 to P10,614.1 million due to higher revenues from the Retail Group, despite the decline in revenues from Casino Group.

PIKI Operations

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

In 2019, PIKI's net loss amounted to P59.4 million, decrease of P72.3 million or 560.5% from 2018's net income of P12.9 million. The decrease was due to lower turnover and win rate numbers leading to a significant decrease in revenue of P205.9 million or 23.0% from P895.7 million in 2018 to P689.8 million in 2019.

BCGLC Operations

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

On 24 July 2015, BCGLC incorporated a subsidiary, GCLWC with authorized capital stock of Fifteen Million Pesos (P15,000,000.00) divided into One Hundred Fifty Thousand shares (150,000) with par value of P100.0, of which Three Million Seven Hundred Fifty Thousand Pesos (P3,750,000.00) has been subscribed. GCLWC was incorporated to comply with Section 18, Chapter III of the Implementing Rules and Regulations of Republic Act (R.A.) No. 7227. GCLWC obtained its Certificate of Registration from the Subic Bay Metropolitan Authority on 2 August 2016.

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

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

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

On March 16, 2018, BCGLC entered into a Lease and Technical Assistance Agreement with Entertainment Gaming Philippines, Inc. (EGP) for the lease of slot machines. By virtue of the Agreement, BCGLC shall be paid an amount equivalent to 16% of the Monthly Net Wins derived from the operations of the leased machines.

On January 19, 2019, BCGLC entered into an Asset Purchase Agreement with EGP for the sale of two (2) PAGCOR VIP Clubs at San Pedro Town Center, Laguna and Universal Park Mall, Sta. Cruz, Manila.

BCGLC and GCLWC's combined revenues for the year ended 31 December 2019 amounted to P635.5 million, a growth of P100.2 million or 18.72% from P535.3 million in 2018. Turnover increased from P24.3 billion in 2018 to P33.1 billion in 2019. This was due to the Company's extensive marketing efforts as reflected in this year's increase in operating expenses by P32.0 million or 8.88%. Due to these developments, net income for the year amounted to P158.8 million, an increase of P48.1 million or 43.45% from last year's net income of P110.7 million.

FCLRC Operations

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

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

FCLRC's revenues amounted to P499.2 million in 2019, representing an increase of P72.6 million or P17.0% from last year's revenues of P426.6 million. The increase was mainly due to the strong performance of one of its locators which represents the majority of FCLRC's revenue despite the fact that the number of operating licensees decreased from 16 in 2018 to 9 in 2019. Hosting fees amounted to P366.9 million in 2019 an increased by P34.1 million or 10.3% from prior year while license application fees amounted to P67.1 million, an increase by P4.8 million or 7.0% from last year.

FCLRC's cost and OPEX amounted to P376.1 million, likewise increased by P11.9 million or 3.3% from last year.

FCCDCI/LRDCSI Operations

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

FCCDCI commenced its commercial operations on 01 January 2008, thus, since then until 31 December 2016, FCLRC's statement of income includes 60% equity in net earnings from FCCDCI.

On 01 January 2017, IPVI entered into a Deed of Absolute Sale of Share of Stock with LRDCSI, whereby IPVI assigned its rights, interest and participation to its 5,000,000 shares of stock or 20% ownership in FCCDCI with a par and issue value of P1 for a total consideration of P16.4 million to LRDCSI.

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

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

LRDCSI owns 20% of the outstanding capital stock of FCCDCI effective 01 January 2017.

LRDCSI started its commercial operations in the last quarter of 2017.

In order to compete with the local telecom companies, the LRDCSI Group initiated several price adjustments and bundling of additional services and products into the package (DDOS, upgrades/additional circuits) in 2018. The Group likewise secured redundant lines in anticipation for various capacities that did not consummate in 2018. This resulted to a slightly lower revenues, but higher direct costs in 2018 despite increase in volume.

Total revenue decreased by P37.5 million from P658.9 million in 2018 to P621.4 million in 2019 while total direct costs and operating expenses also decreased by P51.0 million from P625.0 million in 2018 to P574.0 million in 2019. The LRDCSI Group has initiated measures to manage these costs by terminating redundant lines.

Total consolidated net income of FCCDCI and LRDCSI amounted to P17.9 million, net of minority and equity share in 2019, an increase of P5.0 million or 38.76% from P12.9 million in 2018.

ABLE Operations

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

Site Count

In 2017, ABLE through its subsidiaries, acquired six (6) sites to expand its bingo operations. Difference between the total consideration of P58 million and fair value of identifiable assets of P9.28 million resulted to a goodwill of P48.72 million.

While four (4) sites are permanently closed and one (1) site was temporarily closed in 2019, ABLE opened six (6) new sites around the country as part of its plan to expand the business.

ABLE permanently closed two (2) sites and one (1) site was temporarily closed in 2018.

As of 31 December 2019, ABLE has a total of 152 operating sites, with six (6) newly-opened sites within the year, while there were also three (3) permanently closed sites and two (2) temporarily closed sites within the year.

Revenues

ABLE and its subsidiaries generated total revenues of P 7,850.6 million in 2019, a significant growth of P739.1 million from the P7,111.5 revenues for the same period last year. The revenue growth was mainly attributable to the exceptional performance of E-bingo sites during the year.

E-Bingo has become ABLE's principal product line as its contribution has been increasing faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. In 2019, E-Bingo sales represented 67.37% or P5,289.2 million out of ABLE's total revenues. As of 31 December 2019, there were a total of 10,978 E-Bingo machines in 153 bingo parlors as compared to 10,536 E-Bingo machines in 150 bingo parlors as of 31 December 2018.

Revenues from Traditional Bingo increased by P110.1 million or 5.23% to P2,216.2 million in 2019 from P2,106.1 million in 2018.

In 2019, sales from Rapid bingo contributed P284.2 million or 3.62% of total revenues, exceeding last year's P230.4 million or 3.40% of total revenues. By end of 2019, a total of 156 Rapid Bingo terminals were installed in 149 bingo parlors, while there were 155 Rapid Bingo terminals in 148 bingo parlors as of December 31, 2018.

Revenues from Pull-tabs amounted to P19.0 million, which decreased slightly by P1.1 million from P20.1 million in 2018.

Cost and Expenses

ABLE's consolidated costs and operating expenses amounting to P7,681.8 million in 2019 increased by P659.8 million from P7,022.0 million in 2018. The PAGCOR mandated change in tax regime from the 30% corporate income tax to the 5% franchise tax and passing of prize tax to the operator significantly increased ABLE's direct cost by P608.7 million. Cost and expenses also includes the impairment of non-recoverable input vat amounting to P87.0 million due to the same reason above.

ABLE has already applied for a tax ruling for its VAT exempt status with the BIR. Once obtained, it will contribute at least P87.0 million to the bottom line as well as cash flow annually.

Net Income

ABLE posted consolidated net income (net of minority share and dividend income) amounting to P46.0 million, which decreased in the amount of P20.2 million from last year's P66.2 million. If not for the non-cash impairment of input VAT, ABLE would have posted a net income of P133.0 million in 2019.

TGXI Operations

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

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

Site Count

In 2018, TGXI opened two (2) additional sites and closed five (5) sites arriving to a total of thirty six (36) sites. There were no changes in the number of sites as of 2019.

Revenues

TGXI generated revenues amounting to P311.6 million in 2019 representing its share in revenues from the management and operation of the PAGCOR E-games Stations (PeGS).

This was higher by P20.0 million or 6.86% than the recorded revenues in 2018 amounting to P291.6 million, notwithstanding a lower recorded turnover of P20.8 billion in 2019 as compared to P23.5 billion in 2018.

Cost and Operating expenses

Total cost and operating expenses decreased slightly by P9.00 million or 3.05% from P294.8 million in 2018 to P285.80 million in 2019. Although TGXI recorded an overall savings from its operating expenses, this was reduced by: (2) higher people expenses particularly in contracted services by P6.4 million due to DOLE imposed salary-rate adjustments; and (3) impairment of non-recoverable input tax amounting to P10.8 million.

TGXI will apply for a tax ruling for its vat-exempt status with the BIR. Once obtained, it will save TGXI at least P10.8 million of expense and cash outflow annually.

Net Income

TGXI posted a slight increase of P3.4 million in its net income of P11.1 million in 2019 from P7.7 million in 2018 due to better revenue performance resulting from extensive marketing efforts and spending. TGXI would have registered at least P22.0 million net income if not for the non-cash impairment of input vat.

ABLGI Operations

On 04 November 2016, Belle and PLAI ("Belle Group") signed a Termination agreement with Leisure and Resorts World Corporation and AB Leisure Global, Inc. ("LRWC Group"), which would enable the latter to realize its interests under its existing agreements with the Belle Group. Under the agreement, Belle Group will pay the LRWC Group a total of P5,090.0 million, withP1,018.0million paid upon signing and the balance at the end of March 2017. Until the finalization of the transaction, ABLGI will continue to share in the net lease income and gaming revenue of Belle Group.

The Termination agreement was finalized on 31 March 2017. ABLGI received P4,072.0 million, which comprised of:(1) payment for an outstanding loan of Belle Group to ABGLI amounting to P3,762.0 million, and (2) P310.0 million, of which P110.5 million was a collection of the advances made to Belle while the remaining P199.5 million was lodged under "Other Income" in the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income, representing assignment of rights in relation to the Advisory services rendered to the Philippine Consortium in favor of Belle. Effective 31 March 2017, ABLGI shall be deemed to have divested its economic interest in the City of Dreams-Manila Integrated Resort and Casino.

In 2017, ABLGI through its subsidiary acquired 23 hectares of and property in Boracay for its future project.

In 2017, Management decided to change its accounting policy to recognize its investment properties at their appraised (FV) amounts to properly reflect its true value. Gain (net of tax) from the revaluation of its building (Binondo Suites) amounted to P4.7 million in 2017. In 2018, ABLGI recognized a gain (net of tax) from the revaluation of its building and Boracay land amounting to P1,304.5 million.

In 2018, ABGLI entered into a consultancy agreement with a third party company to perform, among others, services related to project, and offshore development, gaming and other licenses. Revenue from consultancy amounted to P169.7 million.

In 2019, ABLGI registered net income amounting to P1,363.3 million, an increase of P782.6 million or 134.77% from last year's P580.7 million, mainly due to the increase in the valuation of properties in Aklan.

LRLDI Operations

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

LRLDI is also committed in supporting the development of Cagayan Special Economic Zone and Free Port (CSEZFP). In executing an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), LRLDI has established its support by investing funds into the Lal-Lo Airport Project, Cagayan Economic Zone and Freeport (CEZFP) International Airport Project, and other facilities within the CSEZFP. These projects aim to improve and further advance CSEZFP into a self-sustaining industrial zone.

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

Retrospective 2014, Management reclassified portion of the advances to CLPDC to investment properties (land) which the Company has legal title and ownership amounting to P6.4 million. In 2017, Management decided to change its accounting policy to recognize its investment properties at their appraised (FV) amounts to properly reflect its true value. Gain (net of tax) from the revaluation of its land properties and Cyberpark building amounted to P140.6 million and P174.7 million in 2018 and 2017, respectively.

In 2019, LRLDI registered a net loss of P893.9 million, an increase of P762.9 million from 2018’s net loss of P131.0 million. This is primarily due to the taxes and losses incurred from the sale of TechZone shares.

Consolidated Financial Condition

The total consolidated assets of LRWC and subsidiaries as of 31 December 2019 of P20,895.2 million increased by P2,847.1 million or 15.8% from P18,048.1 million as of 31 December 2018 mainly due to increase in accounts receivables, revaluation of investment properties, increase in rental deposits and cash performance bonds.

The following are the significant changes in the liabilities of LRWC and subsidiaries: (1) increase in Trade and other payables of P52.6 million attributable to higher outstanding payable to suppliers; (2) decrease in Loans payable of P2,161.8 million due to the loan repayment, and (3) increase in deferred tax liabilities of P734.6 million arising from the unrealized gain on revaluation of investment properties.

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.

Key Performance Indicators

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

Key Performance Indicator	Formula	2019	2018
Current Ratio	Current Assets / Current Liabilities	119.3%	38.4%
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	63.5%	98.3%
Asset to Equity Ratio	Total Assets / Stockholders' Equity	163.5%	198.3%
Payout Turnover	Traditional Bingo Revenues / Payout	1.27 times	1.47 times
Return on Average Equity	Net Income* / Average Stockholders' Equity	1.0%	4.6%
Return on Average Assets	Net Income* / Average Total Assets	0.5%	2.4%
Solvency Ratio	Net Income* + Depreciation* / Total Liabilities	9.1%	9.9%
Interest Coverage Ratio	Income Before Interest & Tax* / Interest Expense	2.8	3.3
Net Book Value Per Share	Stockholders' Equity / Weighted Average Shares Outstanding	6.5	7.6
Basic Earnings (Loss) Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	(0.0668)	0.3441

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 8. 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 Seven Million Nine Hundred Thousand Pesos (P7,900,000) for the fiscal year 2020 and Seven Million Eight Hundred Thousand Pesos (P7,800,000) for the fiscal year 2019. 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

There were no changes or disagreements with the Company's external auditors, SyCip Gorres Velayo & Co. (SGV & Co.) on accounting and financial statement disclosures.

On the annual stockholders' meeting held on 28 August 2020, SGV & Co., was re-appointed as the external auditors, with Ms. Maria Pilar B. Hernandez as the partner-in-charge for the audit of the Company's financial statements as at and for the period ending 31 December 2020.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Name	Age	Directorships in Other Companies	*Citizenship*	Business Experience For the Past Five Years
Eusebio H. Tanco *(Director; July 29, 2011 to present)*	72	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.) Eximious Holdings, Inc. (formerly 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. Tantivy Holdings, Inc. (formerly 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. Philplans First, Inc. Prudent Resources, Inc. AB Leisure Exponent, Inc. First Cagayan Converge Data Center, Inc. LR Land Developers, Inc. LR Data Center and Solutions, Inc. AB Leisure Global, Inc. and Subsidiaries Blue Chip Gaming and Leisure, Inc. Gold Coast Leisure and World Corporation Total Gamezone Xtreme, Inc. Prime Investment Korea, Inc. ***(All-Director)***	*Filipino*	Asian Terminals Inc. *(Vice-Chairman and President)* STI Education Systems Holdings, Inc. *(Chairman)* Eximious Holdings, Inc. (formerly Capital Managers & Advisors, Inc. *(Chairman)* iACADEMY *(Chairman)* STI West Negros University *(Chairman)* Mactan Electric Company *(Chairman)* International Hardwood & Veneer Corp. *(President)* Cement Center Inc. *(President)* First Optima Realty Corp. *(President)* Marbay Homes Inc. *(President)* Tantivy Holdings, Inc. (formerly Insurance Builders Inc.) *(President)* Delos Santos – STI College *(Chairman)* Grow Vite, Inc. *(Chairman)* Venture Securities, Inc.*(Chairman)* Biolim Holdings & Management Corp (formerly Rescom Developers Inc.) *(President)* Philippine First Insurance Co., Inc. *(Chairman)* Global Resources for Outsourced Workers, Inc. *(President)* Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc.) *(President)* Eujo Phils., Inc. *(President)* Total Consolidated Asset Management, Inc. *(President)* Prime Power Holdings Corporation *(Chairman and President)* Classic Finance Inc. *(CEO)* Prudent Resources, Inc. *(Chairman and President)*

Name	Age	Directorships in Other Companies	*Citizenship*	Business Experience For the Past Five Years
Willy N. Ocier *(Director, July 31, 2009 to present)*	64	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)***	*Filipino*	Pacific Online Systems Corporation Philippine Global Communications Inc. *(Chairman and President)* Premium Leisure & Amusement, Inc. APC Group, Inc. Tagaytay Midlands Golf Club, Inc. *(Chairman)* Belle Corporation *(Co-Vice Chairman)* Tagaytay Highlands International Golf Club, Inc. *(Vice Chairman)*
Paolo Martin O. Bautista *(Director; July 27, 2018 to present)*	51	STI Holdings STI Education Services Group, Inc. ***(All-Director)***	*Filipino*	STI Holdings *(Chief Investment Officer)* PhilPlans *(Advisor to Investment Committee)* Citigroup Global Markets *(Director)* Credit Suisse *(VP-Investment Banking Division)*
Renato G. Nuñez *(Director, June 11, 2019 to present)* *(Director, September 30, 2005 to February 16, 2012)*	51	All British Cars, Inc. Coventry Motors Corporation Philippine Realty and Holdings Corp. Total Consolidated Asset Management, Inc. Leisure Advantage, Inc. Arwen Gaming Consultancy, Inc. ***(All-Director)***	*Filipino*	All British Cars, Inc. *(Director)* Coventry Motors Corporation *(Director)* Cats Motors, Inc. *(President)* Philippine Realty and Holdings Corp. *(Director)* Total Consolidated Asset Management, Inc. *(Director)* Leisure Advantage, Inc. *(Director)* Techglobal Data Center, Inc. *(President)* Techzone Philippines, Inc. *(President)* Tootsie's Tagaytay Restaurant, Inc. *(President)* Lia PhilFoods, Inc. *(President)* Everland Estate Dev't Corp. *(President)* AB Leisure Exponent, Inc. *(VP-Administration)* First Cagayan Converge Data Center *(COO/Board Treasurer)* First Cagayan Leisure & Resort Corp. *(Vice President)* Arwen Gaming Consultancy, Inc. *(Chairman and President)* Javi Philfoods, Inc. *(President)* Midas Hotel & Casino *(VP and COO)* Blue Chip Gaming & Leisure Corp. *(Managing Director)* AB Leisure Global, Inc. *(VP/Director)* Binondo Leisure Resources, Inc. *(VP Finance)*
Max Aaron Wong *(Director, June 11, 2019 to present)*	46	GTS Platform Services Limited (HK) GTS Platform Services (Taiwan) Limited BTCC International Limited (HK) ***(All-Director)***	*Chinese*	GTS Platform Services and BTCC Group *(Finance Director)* Dim.Buy.com Company Limited *(Financial Controller)* UniCare Enterprise Limited *(Financial Controller)* Well State Asia Limited *(Financial Controller)*

Name	Age	Directorships in Other Companies	*Citizenship*	Business Experience For the Past Five Years
Alfredo Abelardo B. Benitez *(Director, July 26, 2019 to present)*	54	None	*Filipino*	Congressman of the Third District of Negros Occidental (2010-2019)
Lawrence T. Cobankiat *(Director, July 26, 2019 to present)*	51	Jellco Enterprises, Inc. Protech Global Solutions ***(All President and CEO)*** West End Property Inc. ***(President)*** GRP Mobile Solutions Inc. ***(Chairman)*** Fidelity Steel Manufacturing, Inc. Hi-Tech Steel Industries Corporation GICA Grinding Wheel Corporation Arrow Plastic Industries Corporation ***(All - Director)***	*Filipino*	Jellco Enterprises, Inc.*(Director, President & CEO)* Protech Global Solutions *(Director, President & CEO)* West End Property Inc. *(President)* GRP Mobile Solutions Inc. *(Chairman)* Fidelity Steel Manufacturing, Inc. *(Director)* Hi-Tech Steel Industries Corporation *(Director)* GICA Grinding Wheel Corporation *(Director)* Arrow Plastic Industries Corporation *(Director)*
Winston Chan *(Director, August 28, 2020 to present)*	65	San Miguel Food, Inc. PT Delta Djakarta Premiere Horizon Alliance Corporation DataOne Philippines Kairos Business Process Solutions, Inc. ***(All – Director)***	*Filipino*	Harvard Club of the Philippines *(Director)* Harvard Business School Club of the Philippines *(Director)* *SGV & Co. (Advisory Committee Member – July 1, 2016 – June 3, 2017; Management Committee Member, July 1, 2007 – June 30, 2016)* SGV & Co./EY *(Managing Partner, Advisory Services – July 1, 2007 to June 30, 2016)* Asia Coordinating Partner for EY Global 360 Accounts: Procter & Gamble, Bayer, Goodyear Tires, Sony – *July 2007 to June 30, 2017* EY ASEAN Finance Advisory Leader – *July 1, 2012 – June 30, 2015*
Mardomeo Raymundo Jr. *(Director, August 28, 2020 to present)*	47	Marina Square Properties, Inc. New Coast Hotel, Inc. CTF Properties (Philippines), Inc. CTF Hotel and Entertainment, Inc. ***(All – Director)***	*Filipino*	Salvador Llanillo & Bernardo Law Offices *(Partner)*
Ngam Bun Cheung* *(Director, December 17, 2020 to present)*	52	Full Degree Communication *(Vice President)*	*Chinese*	Full Degree Communication *(Vice President)* Solaire Resort & Casino *(Vice President, VIP Junket Services)*
Restituto O. Bundoc** *(Director, December 17, 2020 to present)*	54		*Filipino*	STI Education Services Group, Inc. *(Vice President for School Operations)*

** Mr. Ngam Bun Cheung was appointed as director and President of the Company on 17 December 2020, upon the resignation of Mr. Eng Hun Chuah.*

*** Mr. Restituto O. Bundoc was appointed as director on 17 December 2020, following Ms Xiaolu Dong's resignation on 2 December 2020.*

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.

Item 10. Executive Compensation

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 Chief Executive Officer and four other most highly compensated executive officers.

Name and Principal Position	Year	Compensation	Bonuses	Other Annual Compensation
Ngam Bun Cheung, President		Estimated	Estimated	Estimated
Eng Hun Chuah, President*				
Edgardo Lopez Jr. President				
Rafael Jasper Vicencio, President				
John Cornejo Chief Technology Officer				
Teh Yeong Teng, Business Unit Head				
All above-named Officers as a group	2020	P26,208,464		
All other officers as a group unnamed	2020	None	None	None

**Resigned effective December 17, 2020*

Name and Principal Position	Year	Compensation	Bonuses	Other Annual Compensation
Eng Hun Chuah, President		Estimated	Estimated	Estimated
Thadeo Francis P. Hernando Vice President				
Katrina L. Nepomuceno, Vice President				
Alejandro P. Alonte, Vice President				
Ma. Christina Bautista, Vice President				
All above-named Officers as a group	2019	P34,644,203		
All other officers as a group unnamed	2019	None	None	None

a) 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 P50,000 per meeting, per diem of P30,000 per meeting for members of the executive committee, and per diem of P20,000 per meeting for audit, compensation, and nominating committees.

Cash bonus of P500,000 were given to each director in 2017.

Total payments to non-salaried directors amounted to P6,920,000 in 2020 and P4,915,000 in 2019.

b) 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 LRWC in the event of a change in control of LRWC.

c) Warrants and Options Outstanding

As of 31 March 2019, 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 11. Security Ownership of Certain Beneficial Owners and Management

a) Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of 31 March 2021

Title of Class (As of March 31, 2020)	Name and address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Holder	Citizenship	No. of Shares Held	Percent-age Held
Common	**PCD Nominee Corporation** 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder	*	Filipino	® 1,921,181,918	79.47%
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	5.58%

** Beneficial owner under PCD Nominee Corporation that holds more than 5% shares is Venture Securities, Inc., which holds 208,807,982 shares or 8.64%. Venture Securities, Inc. will be asked to appoint and authorize a representative who will vote in behalf of said corporations.*

*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 Securities, Inc., the transfer agent of the registrant, and holds the shares in behalf of the beneficial owners.*

b) Security Ownership of Management as of 31 March 2021.

Name	Nationality	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Eusebio H. Tanco	Filipino	10,432,480	39,634,029	50,066,509	2.07
Willy N. Ocier	Filipino	3,791,200	0	3,791,200	0.16
Alfredo Abelardo B. Benitez	Filipino	136,401,984	119,999,995	256,401,979	10.61
Paolo Martin H. Bautista	Filipino	3,000	0	3,000	0
Renato G. Nunez	Filipino	2	98,922,593	98,922,595	4.09
Lawrence T. Cobankiat	Filipino	2	0	2	0
Max Aaron Wong	Chinese	2	0	2	0
Cheung Ngam Bun	Chinese	2	0	2	0
Restituto O. Bundoc	Filipino	609	0	609	0
Mardomeo N. Raymundo Jr.	Filipino	608	0	608	0
Winston A. Chan	Filipino	609	0	609	0
Kristine Margaret R. Delos Reyes	Filipino	0	0	0	0
Carol V. Padilla	Filipino	0	0	0	0
Donita Marel Q. Rivera	Filipino	0	0	0	0
Total		150,630,498	258,556,617	409,187,115	16.93

c) Voting Trust Holders of 5% or More

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

d) 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.

Item 12. 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 Note 19 of Notes to the Consolidated Financial Statements for the year 2019.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Annual Corporate Governance Report will be filed separately in accordance with SEC Memorandum Circular No. 20, 2016 Annual Corporate Governance Report Submission.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

a) Exhibits – See accompanying Index to Exhibits

b) Reports on SEC Form 17-C

a. On 31 January 2020, the Company confirmed the completion of the redemption of all its outstanding Preferred Shares at redemption price of One Peso (Php1.00) per share.

b. On 16 March 2020, the Company submitted its disclosure on Risks and Impact of the COVID-19 on the Company's business operation, and the Preventive Measures it has undertaken to mitigate the risks of the COVID-19, in compliance with the SEC Notice on the matter.

c. On 28 August 2020, the stockholders elected the following directors:
   i. Eng Hun Chuah*
   ii. Eusebio H. Tanco
   iii. Xiaolu "Lucy" Dong*
   iv. Alfredo Abelardo B. Benitez
   v. Paolo Martin Bautista
   vi. Willy N. Ocier
   vii. Mardomeo Raymundo Jr.
   viii. Renato G. Nuñez
   ix. Max Aaron Wong
   x. Winston Chan – Independent director
   xi. Lawrence T. Cobankiat – independent director

   * Ms. Xiaolu Dong resigned on 2 December 2020, and her seat was later on filled up with the appointment of Mr. Restituto O. Bundoc on 17 December 2020. Mr. Eng Hun Chuah also resigned on 17 December 2020, and was replaced by Mr. Ngam Bun Cheung on same date.

d. On 28 August 2020, the stockholders approved the following:
   i. Approval of the minutes of the Annual Stockholders' Meeting held on 26 July 2019;
   ii. Approval of Annual Report and Audited Financial Statements for the fiscal year 2019;
   iii. Ratification of actions taken by the Board of Directors and Officers since the last annual meeting held on 26 July 2019;
   iv. Nomination and election of the Corporation's Directors; and,
   v. Appointment of external auditor for year 2020. .

e. On 18 September 2020, the Board held its organizational meeting. The officers and committee members were elected during the meeting.

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

	Report of independent Auditors on Supplementary Schedules
A.	Financial Assets
B.	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
C.	Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
D.	Intangible Assets - Goodwill and Other Assets
E.	Long term Debt
F.	Indebtedness to Affiliates and Related Parties (Long-term loans from Related Companies
G.	Guarantees of Securities of Other Issuers
H.	Capital Stock
I.	Financial Soundness Indicators
J.	Schedule of Retained Earnings Reconciliation Available for Dividend Declaration
K.	Map of Conglomerate
L.	List of Effective Standards and Interpretation

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 3 0 2021

By:

Eusebio H. Tanco
Chairman

Ngam Bun Cheung
President

Lucy Dong
Deputy CFO

Carol V. Padilla
Corporate Secretary

SUBSCRIBED AND SWORN before me this MAY 3 1 2021 day of ______ affiants exhibiting to me in their Community Tax Certificates as follows:

Names	Community Tax No./Passport No.	Date of Issue	Place of Issue	TIN No.
Eusebio H. Tanco	P0992946B	11 Mar 19	Manila	141-978-255
Ngam Bun Cheung	K06936387	23 Aug 18	China	424-130-857
Lucy Dong	K1459158R	26 Aug 19	Singapore	769-682-149
Carol V. Padilla	EC7174795	21 Mar 16	NCR South	271-536-697

Doc. No. 343;
Page No. 70;
Book No. 50;
Series of 2021;

ATTY. JAMES K. ABUGAN
NOTARY PUBLIC
APPT. NO. 0442-19
Until 06/30/2021
IBP No. 134105 Dec. 9, 2020 Rizal Chapter
Roll No. 26890 Lifetime
MCLE No. VI-0012875 until 4/14/2022
TIN No. 116-239-956
PTR No. 4574511 01/04/2021
Tel. No. 631-40-90
Rm. 314 J&B Bldg., 251 EDSA,
Mandaluyong City

LEISURE AND RESORTS WORLD CORPORATION

SCHEDULE A Financial Assets

NAME OF ISSUING ENTITY AND ASSOCIATION OF EACH ISSUE	NUMBER OF SHARES OR PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT SHOWN IN THE BALANCE SHEET	VALUE BASED ON MARKET QUOTATION AT END OF REPORTING DATE	INCOME RECEIVED AND ACCRUED
Cash and cash equivalents	N/A	₱281,514,428	₱281,514,428	₱-
Receivables - net	N/A	1,694,923,124	1,694,923,124	-
Lease receivable	N/A	20,419,557	20,419,557	
Rental Deposits	N/A	442,854,472	442,854,472	-
Cash performance bonds	N/A	306,450,000	306,450,000	-
Performance cash deposits and betting credit funds	N/A	32,450,000	32,450,000	-
Due from related parties	N/A	155,000,000	155,000,000	-
Financial assets at fair value through other comprehensive income	21,870,046	112,630,736	112,630,736	-
		₱3,046,242,317	₱3,046,242,317	**₱-**

LEISURE AND RESORTS WORLD CORPORATION

SCHEDULE B Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

NAME & DESIGNATION OF DEBTOR	BALANCE AT BEG OF PERIOD	ADDITIONS	AMOUNTS COLLECTED	AMOUNTS WRITTEN OFF	CURRENT	NOT CURRENT	BALANCE AT END OF PERIOD
Stockholders	₱54,599,862	₱-	(₱1,277,518)	₱-	₱53,322,344	₱-	₱53,322,344
Employees	38,324,531	49,711,163	(38,398,356)	-	49,637,338	-	49,637,338
Officers	-	-	-	-	-	-	-
Total	**₱92,924,393**	**₱49,711,163**	**(₱39,675,874)**	**₱-**	**₱102,959,732**	**₱-**	**₱102,959,732**

LEISURE AND RESORTS WORLD CORPORATION

SCHEDULE C Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements

NAME & DESIGNATION OF DEBTOR	BALANCE AT BEG OF PERIOD	ADDITIONS	AMOUNTS COLLECTED	AMOUNTS WRITTEN OFF	CURRENT	NOT CURRENT	BALANCE AT END OF PERIOD
AB Leisure Exponent, Inc.	₱152,829,193	₱106,796,766	(₱93,194,853)	₱-	₱166,431,106	₱-	₱166,431,106
AB Leisure Global, Inc.	1,425,130,294	347,813,170	-	-	1,772,943,464	-	1,772,943,464
Blue Chip Gaming and Leisure Corporation	149,392,303	50,225,698	(193,932,483)	-	5,685,518	-	5,685,518
LR Data Center and Solutions Inc.	36,601,990	43,941,715	(80,543,705)	-	-	-	-
LR Land Developers Inc.	1,184,185,248	429,029,260	(1,613,214,508)	-	-	-	-
Prime Investment Korea Inc.	282,592,280	4,382,626	(4,969,218)	-	282,005,688	-	282,005,688
Total Gamezone Xtreme Incorporated	135,584,363	152,900,081	(215,639,424)	-	72,845,020	-	72,845,020
Total	**₱3,366,315,671**	**₱1,135,089,316**	**(₱2,201,494,191)**	**₱-**	**₱2,299,910,796**	**₱-**	**₱2,299,910,796**

LEISURE AND RESORTS WORLD CORPORATION

SCHEDULE D Intangible Assets - Goodwill and Other Assets

DESCRIPTION	BALANCE AT BEG OF PERIOD	ADDITIONS AT COST	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	OTHER CHARGES ADDITIONS (DEDUCTIONS)	BALANCE AT END OF PERIOD
Goodwill - net	**₱1,493,884,695**	**₱-**	**₱-**	**₱-**	**(₱164,792,402)**	**₱1,329,092,293**
Other Assets						
Airstrip improvements - net	31,000,512	-	(3,092,992)	-	-	27,907,520
Operating licenses	476,242	-	-	-		476,242
Lease rights	18,998,422	-	-	-	(18,998,422)	-
PAGCOR rights	23,860,000	-	(10,354,340)	-	-	13,505,660
Total Other Assets	**74,335,176**	-	**(13,447,332)**	**-**	**(18,998,422)**	**41,889,422**
Total Intangible Assets	**₱1,568,219,871**	**₱-**	**(₱13,447,332)**	**₱-**	**(₱145,793,980)**	**P1,370,981,715**

LEISURE AND RESORTS WORLD CORPORATION

SCHEDULE E Long term Debt

Title of issue and type of obligation	Amount authorized by Indenture	Amount shown under "Current portion of long term debt"	Amount shown under "Long term debt - net of noncurrent portion"
Banco de Oro		₱ -	₱2,228,663,172 3.90% payable from November 2017 to January 2023
Asia United Bank		158,263,836	130,791,735 6.58% payable from February 2019 to January 2022
Asia United Bank		149,066,380	- 6.58% payable from February 2019 to November 2021
Asia United Bank		583,838	- 8.75% payable from May 2018 to August 2021
Asia United Bank		146,427	- 8.50% payable from February 2018 to January 2021
Chip Leader Holdings Corporation		160,076,651	320,153,349 10.00% payable from March 2020 to March 2023
		₱468,137,132	**₱2,679,608,256**

LEISURE AND RESORTS WORLD CORPORATION

SCHEDULE F   Indebtedness to Related Parties (Long-Term Loans from Related Companies)

NAME OF RELATED PARTY	BALANCE AT BEGINNING OF THE PERIOD	BALANCE AT END OF THE PERIOD
	NOT APPLICABLE	

LEISURE AND RESORTS WORLD CORPORATION

SCHEDULE G Guarantees of Securities of Other Issuers

NAME OF ISSUING ENTITY OF SECURITIES GUARANTEED BY THE COMPANY FOR WHICH THIS STATEMENT IS FILED	TITLE OF EACH CLASS OF SECURITIES GUARANTEED	TOTAL AMOUNT GUARANTEED AND OUTSTANDING	AMOUNT OWNED BY PERSON FOR WHICH THIS STATEMENT IS FILED	NATURE OF GURANTEE
		NOT APPLICABLE		

LEISURE AND RESORTS WORLD CORPORATION

SCHEDULE H Capital Stock

Title of Issue	Number of Shares Authorised	Number of shares issued and outstanding as shown under related Balance Sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	2,500,000,000	2,417,500,000		1,253,386,553	409,187,115	754,926,332
Preferred shares	2,500,000,000	-	82,500,000			

LEISURE AND RESORTS WORLD CORPORATION

SCHEDULE I FINANCIAL SOUNDNESS INDICATOR

Key Performance Indicator	Formula	2020	2019
Current Ratio	Current Assets / Current Liabilities	50.9%	123.0%
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	83.9%	63.5%
Asset to Equity Ratio	Total Assets / Stockholders' Equity	183.9%	163.5%
Payout Turnover	Traditional Bingo Revenues / Payout	1.27 times	1.37 times
Return on Average Equity	Net Income* / Average Stockholders' Equity	(11.5%)	1.0%
Return on Average Assets	Net Income* / Average Total Assets	(6.7%)	0.5%
Solvency Ratio	Net Income* + Depreciation* / Total Liabilities	(9.6%)	9.1%
Interest Coverage Ratio	Income Before Interest & Tax* / Interest Expense	(3.0)	2.8
Net Book Value Per Share	Stockholders' Equity / Weighted Average Shares Outstanding	4.2	6.5
Basic Earnings (Loss) Per Share	Income Attributable to Ordinary Stockholders of the Parent Company / Weighted Average Shares Outstanding	(0.5370)	(0.0668)

LEISURE & RESORTS WORLD CORPORATION
RECONCILIATION OF COMPANY'S
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2020

Unappropriated Retained earnings as at December 31, 2019		**₱370,624,309**
Less: Deferred tax asset		–
Unappropriated Retained Earnings, as adjusted, as at December 31, 2019		**370,624,309**
Add (Less):		
Net loss	(410,052,693)	
Changes in deferred tax asset	–	**(410,052,693)**
Unappropriated Retained earnings available for dividend distribution as at December 31, 2020		**(₱39,428,384)**

**In accordance with SEC Financial Reporting Bulletin No. 14, the reconciliation is based on the parent company financial statements of Leisure and Resorts World Corporation.*

LEISURE & RESORTS WORLD CORPORATION
MAP OF CONGLOMERATE
AS OF DECEMBER 2020

LEISURE & RESORTS WORLD CORPORATION

LEISURE & RESORTS WORLD FOUNDATION INC.

- 100% AB LEISURE EXPONENT INC.
  - 100% ALABANG NUMBER & GAMING CORPORATION
  - 100% ALL POINT LEISURE CORPORATION
  - 100% ALPHA ONE AMUSEMENT & RECREATION CORP.
  - 100% BIG TIME GAMING CORPORATION
  - 100% BINGO EXTRAVAGANZA, INC.
  - 100% BINGO GALLERY, INC.
  - 100% BINGO PALACE CORPORATION
  - 100% CEBU ENTERTAINMENT GALLERY, INC.
  - 100% FIRST LEISURE & GAME CO.
  - 100% GALLERIA BINGO CORP.
  - 100% GAMEXPERIENCE ENTERTAINMENT CORP.
  - 100% GRAND POLARIS GAMING CO., INC.
  - 100% G-ONE GAMING & TECHNOLOGY, INC.
  - 100% HIGHLAND GAMING CORP.
  - 100% ILOILO BINGO CORPORATION
  - 100% METRO GAMING ENTERTAINMENT GALLERY, INC.
  - 100% ONE BINGO PAVILION, INC.
  - 100% RIZAL GAMING CORPORATION
  - 100% SG AMUSEMENT AND RECREATION CORP.
  - 100% SOUTH BINGO CORPORATION
  - 100% SOUTH ENTERTAINMENT GALLERY INCORPORATED
  - 100% TOPMOST GAMING CORP.
  - 100% TOPNOTCH BINGO TREND, INC.
  - 100% WORLDWIDE LINKS LEISURE AND GAMING CORP.
  - 95% BINGO DINERO CORPORATION
  - 60% SUMMIT BINGO, INC.
  - 95% MANILA BINGO CORPORATION
  - 90% ISAROG GAMING CORPORATION
  - 80% ONE BINGO PLACE, INCORPORATED
  - 55% NEGRENSE ENTERTAINMENT GALLERY, INC.
  - 40% INSULAR GAMING CORPORATION

- 100% AB LEISURE GLOBAL INC.
  - 100% AB LEISURE ASIA HOLDINGS, INC.*
    - 100% AB LEISURE HOLDINGS PHILIPPINES CORP.*
      - 100% G-L REAL ESTATE JV CORPORATION*
  - 100% G BORACAY LAND HOLDINGS INC*.
    - 100% G BORACAY ALPHA HOLDING CORP. *
  - 100% G BORACAY BETA HOLDING CORP. *
  - 100% G BORACAY GAMMA HOLDING CORP*.
- 100% BLUE CHIP GAMING & LEISURE CORPORATION
  - 100% GOLD COAST LEISURE WORLD CORPORATION
- 100% LR LAND DEVELOPERS, INC.
- 100% PRIME INVESTMENT KOREA INC.
- 100% TOTAL GAMEZONE XTREME, INC.
- 60% BINGO BONANZA (HK) LIMITED**
- 30% BINONDO LEISURE RESOURCES INC.
- 69.68% FIRST CAGAYAN LEISURE AND RESORT CORP.
  - 60% FIRST CAGAYAN CONVERGE DATA CENTER, INC.
- 80% LR DATA CENTER SOLUTIONS, INC.
- 51% HOTEL ENTERPRISES OF THE PHILIPPINES, INC.

*non-operating subsidiaries
**dormant company

(peach)	PROPERTY GROUP
(blue)	RETAIL GROUP
(yellow)	ONLINE GROUP
(green)	CASINO GROUP