

# COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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

<b>Carol V. Padilla</b>
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(Contract Person)

<b>8634-2598</b>
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(Company Telephone Number)

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Month Day  
(Fiscal Year)

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(Form Type)

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Month Day  
(Annual Meeting)

<b>Not Applicable</b>
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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

<b>Not Applicable</b>
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Amended Articles Number/section

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Total No. of Stockholders

Total Amount of Borrowings	

Domestic

Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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**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	-	24 November 2022
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://us06web.zoom.us/j/82409104553?pwd=dUlicW1objBWdjZxOS9oT1UvejhVQT09>  
Meeting ID: 824 0910 4553  
Passcode: 394076

9. Approximate date on which the Information Statement is first to be sent or given to security holders: November 3, 2022.

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
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<b>Common Stock, PhP1.00, par value</b>	<b>3,716,459,178 / Not applicable</b>
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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**

## NOTICE OF SPECIAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Special Stockholders Meeting ("SSM") of **Leisure & Resorts World Corporation** (the "Corporation") will be held on **Thursday, 24 November 2022, at 2:00 p.m.** The meeting will be conducted virtually via Zoom Teleconference with the following details:

Link: <https://us06web.zoom.us/j/82409104553?pwd=dUlicW1objBWdjZxOS9oT1UvejhVQT09>  
Meeting ID: 824 0910 4553  
Meeting Password: 394076

The agenda of the meeting will be as follows:

1. Call to Order
2. Proof of Notice
3. Determination of Quorum
4. Issuance of 691,200,000 Common Shares through Private Placement
5. Increase in Authorized Capital Stock from Php 5 Billion to Php 7 Billion
6. Amendment of the Articles of Incorporation for the following:
  - a. First Article: Change of name to "DigiPlus Interactive Corp."
  - b. Third Article: Change of address to Taguig City
  - c. Seventh Article: Increase in Authorized Capital Stock
7. Amendment of the By-laws to separate the position of the President from the CEO
8. Other Matters
9. Adjournment

For the purpose of the meeting, only stockholders of record at the close of business on October 24, 2022 will be entitled to notice and vote thereat.

In light of the COVID-19 global pandemic, the Company will not be conducting a physical SSM. The conduct of the SSM will be via Zoom Teleconference, and stockholders may attend the meeting by registering on or before 1:00 p.m. on 24 November 2022. 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](mailto:investorrelations@LRWC.com.ph) on or before 12:00 p.m. on November 22, 2022. The procedures for attendance and voting during the SSM will be posted in the Company's website at <https://lrwc.com.ph/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 November 16, 2022 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. 23 September 2022.

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 - November 24, 2022
- 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://us06web.zoom.us/j/82409104553?pwd=dUlicW1objBWdjZxOS9oT1UvejhVQT09>  
Meeting ID: 824 0910 4553  
Meeting Password: 394076

- (c) Approximate date on which the Information Statement is first to be sent or given to security holders:  
November 3, 2022

#### 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 case any 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: **3,716,459,178** common stock (as of 22 September 2022)

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

- (b) All stockholders of record as of October 24, 2022 are entitled to notice and to vote at the SSM.
- (c) Manner of Voting: Each stockholder of record as of October 24, 2022 shall have the right to vote in person or by proxy the number of shares of stock held in his name.

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 23 November 2022. 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 2022 SSM via remote participation or voting *in absentia*, as well as on how to join the Zoom Teleconference for the 2022 SSM 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 21 September 2022

Title of Class (As of August 9, 2022)	Name and address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Holder	Citizenship	No. of Direct Shares Held	Percentage Held
Common	<b>PCD Nominee Corporation (Filipino)</b> G/F Makati Exchange Building 6767 Ayala Avenue, Makati City Stockholder	*	Filipino	® 1,136,020,779	30.57%
Common	<b>PCD Nominee Corporation (Non-Filipino)</b> G/F Makati Exchange Building 6767 Ayala Avenue, Makati City Stockholder	*	Foreign	® 975,461,031	26.25%
Common	<b>Sagathy Holdings Inc.</b> 8F STI Holdings Center, 6764 Ayala Avenue, Brgy. San Lorenzo, Makati City Stockholder	Eusebio H. Tanco; President	Filipino	® 340,000,000	9.15%
Common	<b>Euphonious Holdings Inc.</b> 8F STI Holdings Center, 6764 Ayala Avenue, Brgy. San Lorenzo, Makati City Stockholder	Eusebio H. Tanco; President	Filipino	® 230,000,000	6.19%

Common	<b>Catchy Solution Limited</b> Suites 103, 106 & 107 Premier Bldg., Victoria, Mahe, Republic of Seychelles Stockholder	Luen Zhu De Andrew; Director	Foreign	® 225,000,000	6.05%
Common	<b>Leisure Advantage Inc.</b> 26F West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City Stockholder	Alfredo Abelardo B. Benitez	Filipino	® 187,352,512	5.04%

\*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 21 September 2022

Name	Nationality	Direct	Indirect	Total Direct & Indirect Shares	% to Total Outstanding Shares
Eusebio H. Tanco	Filipino	10,432,480	609,634,029	620,066,509	16.68%
Willy N. Ocier	Filipino	3,791,200	0	3,791,200	0.10%
Paolo Martin H. Bautista	Filipino	3,000	0	3,000	0
Rafael Jasper S. Vicencio	Filipino	39,409	0	39,409	0
Mardomeo N. Raymundo Jr.	Filipino	304	0	304	0
Winston A. Chan	Filipino	609	0	609	0
Renato G. Nunez	Filipino	2	0	2	0
Timoteo B. Aquino	Filipino	6	0	6	0
Tsui Kin Ming	Chinese	304	0	304	0
Kristine Margaret R. Delos Reyes	Filipino	0	0	0	0
Carol V. Padilla	Filipino	0	0	0	0
Wilfredo M. Pielago	Filipino	0	0	0	0

Total		14,267,314	609,634,029	623,901,343	16.78%
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(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 September 21, 2022, 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	0.00%
British	1	13,619	0.00%
Chinese	72	2,879,561	0.08%
Filipino	1,729	2,422,926,544	65.20%
German	1	1,064	0.00%
Spanish	2	19,442	0.00%
Others	4	1,290,477,831	34.72%

Common shares are composed of 65.19% Filipino and 34.81% Foreign.

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

On September 15, 2022, the Board of Directors proposed to issue 691,200,000 common shares to investors from the proposed increase in authorized capital stock. As approved by the Board on same date, and subject to the stockholders' approval, the Company will apply for an increase of its authorized capital stock from Php 5 Billion to Php 7 Billion.

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 proceeds of the private placement will be used to spend for company projects such as upgrades and expansion of operation sites, sportsbook and technology development.

**General Effect on the Existing Stockholders**

The proposed sale of shares by the Company will be via a private placement to investors totaling less than nineteen (19). The issuance of the shares may have a dilutive effect to the existing shareholders.

The final list of subscribers and their respective subscription are as follows:

Name of Subscriber/Investor	Number of Shares	Subscription Amount
Clearspring Holdings Corporation	330,600,000	At least P562,020,000
Belvedere Skies Asset Holding Opc	330,600,000	At least P562,020,000
Tucket Holdings, Inc.	30,000,000	At least P51,000,000

## **Background on the Subscribers**

### *Clearspring Holdings Corporation*

Clearspring Holdings Corporation is a domestic corporation duly organized and existing under the laws of the Republic of the Philippines. It was registered with the SEC on 31 July 2012 under SEC Registration No. CS201214227.

The primary purpose of the Corporation is to invest in, purchase or otherwise acquire and own, hold, manage, use, lease to or from a party, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description, including, but not limited to, shares of stock, bonds, debentures, notes, evidences of indebtedness and other securities or obligations of any other corporation, partnership or association, domestic or foreign, for whatever lawful purpose or purposes the same may be organized, and to pay therefor in money or by exchanging therefor stocks, bonds, securities or other evidences of indebtedness of this or any other corporation, partnership or association and, while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts or obligations, to receive, collect and dispose of the interest, dividends and income arising from such property; and to possess and exercise in respect thereof all the rights, powers and privileges of ownership; Provided, that it shall not act as a broker or dealer in securities.

### Board of Directors and Officers

<b>Name</b>	<b>Position</b>
Edgar Dennis A. Padernal	President / Chairman
Jirah L. Jareta	Treasurer / Director
Mary Joe D. Arada	Corporate Secretary / Director
Sofronio C. Dulay II	Director
Alexyss Anne P. Alip	Director

### Stockholders

<b>Name</b>	<b>% of Ownership</b>
Edgar Dennis A. Padernal	100%
Jirah L. Jareta	Nil
Mary Joe D. Arada	Nil
Sofronio C. Dulay II	Nil
Alexyss Anne P. Alip	Nil

Please see attached latest Amended Articles of Incorporation and latest filed General Information Sheet.

### *Belvedere Skies Asset Holding Opc*

Belvedere Skies Asset Holding Opc is a domestic corporation duly organized and existing under the laws of the Republic of the Philippines. It was registered with SEC on 5 September 2022 under Company Registration No. 2022090066872-00.

The primary purpose of the Corporation is to invest in, purchase or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real property of every kind and description, including, shares of stocks, bonds, debentures, notes, evidences of indebtedness and other securities or obligations of any other corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may be organized and to pay therefor in money or by exchanging therefor stocks, bonds, securities or other evidences of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of interest, dividends, and income arising from such property, and while the owner or holder thereof, to exercise all the rights, powers and privileges of ownership, including all voting powers of any stock so owned; provided that it shall not act as stock broker or dealer in securities nor solicit, take, accept and/or issue investments and/or investment contracts from public investors.

Stockholder / Director / Officer

<b>Name</b>	<b>Position</b>
Francis Neil Mercado	Single Stockholder / Director / President

The SEC Certificate of Registration, Articles of Incorporation and By-Laws of the Corporation are attached, for reference.

*Tucket Holdings, Inc.*

Tucket Holdings, Inc. is a domestic corporation duly organized and existing under the laws of the Republic of the Philippines. It was registered with the SEC on 23 October 2019 under Company Registration No. CS20190000365.

The primary purpose of the Corporation is to invest in, or purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real or personal property of every kind and description, including, shares of stock, subscriptions, bonds, debentures, notes, evidences of indebtedness and other securities or obligations of any other corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may be organized and to pay therefor in money or by exchanging therefor stocks, bonds, or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, subscriptions, bonds, debentures, contracts or obligations, to receive, collect and dispose of interest, dividends, and income arising from such property; and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned: Provided; That the Corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts, without acting as broker or dealer in securities, government securities, eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, and time shares/club shares/ membership certificates issuers or selling agents thereof.

Board of Directors and Officers

<b>Name</b>	<b>Position</b>
Arsenio C. Cabrera, Jr.	President / Chairman
Ronald Luke T. Sarthou, Jr.	Corporate Secretary / Director
Felippe Mart E. Closa	Director
Mercedes P. Evangelista	Treasurer
Maria Sharon C. Santiago	Assistant Treasurer

Stockholders

<b>Name</b>	<b>% of Ownership</b>
Arsenio C. Cabrera, Jr.	100%
Ronald Luke T. Sarthou, Jr.	Nil
Felippe Mart E. Closa	Nil

The Corporation's Articles of Incorporation and latest filed GIS are attached, for reference.

**Nature & approximate amount of consideration received/to be received by the registrant**

The subscription price is P1.70 per share or 5% of the volume-weighted average price (VWAP) thirty (30) days prior to the special stockholders' meeting approving the same, whichever is higher.

**Approximate amount to be devoted to each purpose for which the net proceeds have been or are to be used**

Based on the preliminary business plan, the Company intends to allocate the following approximate amount to the projects below over the next twelve (12) month period:

- P600,000,000 for upgrades and expansion of operation sites
- P200,000,000 for expansion of Sportsbetting operations
- P370,000,000 for technology development projects

The amount to be used in each project will be subject to further review by the Company based on the latest market conditions and business requirements.

The effect on the capital structure of the Company shall be as follows:

	<b>Before</b>	<b>After</b>
Authorized Capital Stock (Common Shares)	5,000,000,000	7,000,000,000
Issued Shares (Common Shares)	4,094,106,666	4,785,306,666
Outstanding Shares (Common Shares)	3,716,459,178	4,407,659,178
Treasury Shares (Common Shares)	377,647,488	377,647,488
Other Type of Securities	Not Applicable	Not Applicable

**Item 15. Action with Respect to Reports**

There are no matters that require action with respect to the reports.

**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. Amendment of Charter, By-Laws & Other Documents**

On 15 September 2022, the Board of Directors authorized the Amendment of the Company's Articles of Incorporation to authorize the following:

1. Change of name to "DigiPlus Interactive Corp.";
2. Change of address to "Ecoprime Building, 32<sup>nd</sup> Street corner Ninth Avenue, Bonifacio Global City, Taguig City";
3. Increase in Authorized Capital Stock from Php 5 Billion to Php 7 Billion.

On the same date, the Board of Directors also authorized the Amendment of the Company's By-Laws to separate the position of the President from the CEO.

Reason and Effect of Amendment

The amendment of the Company name is to refresh the business' brand to re-align the same towards the direction of the Company to focus on innovative technological platforms. The innovative technological platforms pertain to the apparatus, equipment and other appurtenances as may be related to or in connection with the activities mentioned in the Company's primary purpose in its Articles of Incorporation.

The change of address of the Company is brought about by the need to expand to a bigger office, as well as to give a new corporate image to suit the Company's new brand.

The increase in authorized capital stock will sustain and support the Company's current operations and possible expansion projects.

The separation of the position of the President from the CEO is in line with the Company's expansion of projects, which foresees the necessity to add management positions. This will make management more efficient.

The amendments will improve the brand, image and value of the Company.

#### **Item 18. Other Proposed Actions**

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

#### **Item 19. Voting Procedures**

(a) Vote required for Approval or Election

With respect to: (i) the approval of issuance of shares through private placement; (ii) approval of the Amendment of the Articles of Incorporation on the change of name, change of address, and increase in authorized capital stock; (iii) approval of the Amendment of the By-Laws to separate the position of the President from the CEO; and (iv) 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 items (i) and (iv). The affirmative vote of 2/3 of the outstanding capital stock entitled to vote is required to approve item numbers (ii) and (iii).

(b) Method by which voted 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 Corporate Secretary if he shall so request.

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

The details of registration and voting process can be found below. If assistance with the SSM Zoom meeting is needed and/or there is any other SSM-related query, stockholders may contact the company at [investorrelations@lrwc.com.ph](mailto:investorrelations@lrwc.com.ph).

(c) Voting in Absentia

Stockholders may vote through email. All agenda items indicated in the Notice of the Special Stockholders' Meeting will be set out in the electronic voting form and the Stockholder may vote as follows:

- i. A Stockholder has the option to vote "Yes", "No", or "Abstain" (Check correspondingly on "Yes", "No", or "Abstain"). The vote is considered cast for all the Stockholder's shares.
- ii. Once the Stockholder has finished voting on the Agenda items, he/she can email the form to [investorrelations@lrwc.com.ph](mailto:investorrelations@lrwc.com.ph). The deadline for the submission of votes via e-mail is 12:00pm (noon) of 22 November 2022. All forms delivered past the deadline will not be counted.
- iii. Votes cast in absentia will have equal effect as votes cast by proxy.
- iv. The Office of the Corporate Secretary will count and tabulate the votes cast in absentia together with the votes cast by proxy. An independent third party will validate the voting results. The Corporate Secretary shall report the results of voting during the Meeting.

(d) Voting Requirements

The following are needed for the online voting:

i. For individual Stockholders -

- A scanned copy of the front and back portions of the Stockholder's valid government-issued photo ID, preferably with residential address. This must be in a digital, JPG format with a file size no larger than 2MB; Valid types of government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-IBIG ID, and Senior Citizen ID.
- Valid and active e-mail address;
- Valid and active contact number (landline or mobile number);

ii. For Stockholders with joint accounts -

In addition to the above requirements, a scanned copy of an authorization letter signed by all Stockholders on who among them is authorized to cast the vote for the account. This must also be in a digital, JPG format with a file size no larger than 2MB;

iii. For Stockholders under broker accounts -

- A scanned copy of the broker's certificate on the Stockholder's number of shareholdings. This must also be in a digital, JPG format with a file size no larger than 2MB;
- A scanned copy of the front and back portions of the Stockholder's valid government-issued photo ID, preferably with residential address. This must also be in a digital, JPG format with a file size no larger than 2MB; Valid types of government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-IBIG ID and Senior Citizen ID.
- Valid and active email address;
- Valid and active contact number (landline or mobile number);

iv. For corporate Stockholders -

- A scanned copy of a Secretary's Certificate attesting to the authority of the representative to vote for and on behalf of the Corporation. This must be in a digital, JPG format with a file size no larger than 2MB;
- A scanned copy of the front and back portions of the valid government-issued photo ID of the Stockholder's representative, preferably with residential address. This must be in a digital, JPG format with a file size no larger than 2MB; Valid types of government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-IBIG ID, and Senior Citizen ID.
- Valid and active email address of the stockholder's representative;
- Valid and active contact number of the stockholder's representative (landline or mobile number)

For any clarifications on the registration or on the Voting in Absentia procedure, please contact LRWC Investor Relations Office at telephone numbers 8637-5291 to 93 or through email at [investorrelations@lrwc.com.ph](mailto:investorrelations@lrwc.com.ph).

**Determination of Quorum for the SSM by Remote Communication**

Stockholders who wish to be recognized in the determination of the existence of a quorum at the SSM are requested to notify LRWC of their votes in the Meeting by proxy on or before 12:00pm (noon) of November 16, 2022.

Only those Stockholders who have notified the Company of their intention to participate in the Meeting by remote communication, together with the Stockholders who voted by proxy, will be included in determining the existence of a quorum.

## FINANCIAL INFORMATION

In connection with the Annual Stockholders Meeting of LRWC held on July 29, 2022, the Corporation distributed to its stockholders its Annual Report as of and for the year ending December 31, 2021 (the "Annual Report") containing the information required under SRC Rule 20, Section 4, paragraph A.

The Corporation is distributing together with this Information Statement its Unaudited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2022 under SEC Form 17-Q (the "Second Quarter Report").

## 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 October 5, 2022.*

**LEISURE & RESORTS WORLD CORPORATION**  
Issuer

By:



**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 Special Stockholders’ Meeting of the Company on November 24, 2022 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 the issuance of 691,200,000 Common Shares through Private Placement.

Yes  No  Abstain

2. Approval of the increase in Authorized Capital Stock from Php5 Billion to Php7 Billion

Yes  No  Abstain

3. Approval of the Amendment of the Articles of Incorporation for the following:

a. First Article: Change of name to “DigiPlus Interactive Corp.”

Yes  No  Abstain

b. Third Article: Change of address to Taguig City

Yes  No  Abstain

c. Seventh Article: Increase in Authorized Capital Stock

Yes  No  Abstain

4. Approval of the Amendment of the By-laws to separate the position of the President from the CEO

Yes  No  Abstain

\_\_\_\_\_  
PRINTED NAME AND SIGNATURE OF STOCKHOLDER\*\*

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

\_\_\_\_\_  
DATE

\*\* 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 November 16, 2022 through email at [investorrelations@lrwc.com.ph](mailto: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.



**Proxy Form  
Corporate 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 Special Stockholders’ Meeting of the Company on November 24, 2022 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 the issuance of 691,200,000 Common Shares through Private Placement.

Yes  No  Abstain

2. Approval of the increase in Authorized Capital Stock from Php5 Billion to Php7 Billion

Yes  No  Abstain

3. Approval of the Amendment of the Articles of Incorporation for the following:

a. First Article: Change of name to “DigiPlus Interactive Corp.”

Yes  No  Abstain

b. Third Article: Change of address to Taguig City

Yes  No  Abstain

c. Seventh Article: Increase in Authorized Capital Stock

Yes  No  Abstain

4. Approval of the Amendment of the By-laws to separate the position of the President from the CEO

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 November 16, 2022 through email at [investorrelations@lrwc.com.ph](mailto: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.



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 Special Stockholders’ Meeting of the Company on November 24, 2022 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 the issuance of 691,200,000 Common Shares through Private Placement.

Yes  No  Abstain

2. Approval of the increase in Authorized Capital Stock from Php5 Billion to Php7 Billion

Yes  No  Abstain

3. Approval of the Amendment of the Articles of Incorporation for the following:

a. First Article: Change of name to “DigiPlus Interactive Corp.”

Yes  No  Abstain

b. Third Article: Change of address to Taguig City

Yes  No  Abstain

c. Seventh Article: Increase in Authorized Capital Stock

Yes  No  Abstain

4. Approval of the Amendment of the By-laws to separate the position of the President from the CEO

Yes  No  Abstain

\_\_\_\_\_  
PRINTED NAME OF BROKER/PCD PARTICIPANT  
NAME AND SIGNATURE OF AUTHORIZED  
SIGNATORY OF BROKER/PCD PARTICIPANT\*\*

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

DATE

\*\* 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 November 16, 2022 through email at [investorrelations@lrwc.com.ph](mailto: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.



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 **June 30, 2022**
2. Commission identification number **13174**
3. BIR tax identification number **000-108-278-000**
4. Exact name of issuer as specified in its charter  
**LEISURE & RESORTS WORLD CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization  
**PASIG CITY, METRO MANILA, PHILIPPINES**
6. Industry Classification Code: \_\_\_\_\_ (SEC use only)
7. Address of registrant's principal office  
**26F WEST TOWER, PSE CENTRE, EXCHANGE ROAD, ORTIGAS CENTER, PASIG CITY**
8. Issuer's telephone number, including area code  
**+632 8637-5291 to 93**
9. Former name, former address and former fiscal year, if changed since last report  
NOT APPLICABLE
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	2,444,106,666/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 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

Yes  No

b.) has been subject to such filing requirements for the past ninety (90) days.

Yes  No

## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

Please see attached.

### Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

#### OVERVIEW

LRWC is functioning as a holding company with minimal operations. The Company is focusing its endeavor in supporting the business operations 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); **NETWORK AND LICENSES** (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 - 60%); **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), (11) G-L Real Estate JV Corporation. (GREJC – 100% owned).

On September 21, 2021, 26,606,666 warrant holders have exercised their conversion privileges at an exercise price of ₱1.503. The equivalent common shares were issued on the same date.

On March 07, 2022, Board of Directors approved a private placement on the Company’s unissued capital stock of 1,272,352,512 common shares at an issue price of Php1.65 per share, which shall raise a total of Php2,099,381,645.

The funds raised will be used for developing the Company’s technology platform aiming to provide its clients new and better gaming experience. Furthermore, part of the funds will also be used to finance the operational and capital expenditures of the company, and to lower down the Company’s overall debts by paying off some of the loans.

As one of the leading icons of the industry, LRWC is aggressive in innovations and improvement of its products and services. One of the most recent notable achievements would be BingoPlus. It is the first platform in the country which offers traditional Bingo on technology platform. The technology platform, bingoplus.com, was launched in January 2022 and had quickly become a community favorite.

#### PIKI

PIKI is engaged 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. On November 11, 2021, PIKI ceased its operations.

#### BCGLC and GCLWC

BCGLC and GCLWC are engaged in operates Slot Arcades under a license issued by the PAGCOR.

#### 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 gaming enterprise in CSEZFP. FCLRC, on behalf of CEZA, can issue two types of licenses: (1) E-casino licenses which will cover all types of gaming including casinos, lotteries, bingo and sportsbook; and (2) Sportsbetting licenses which limit the offerings to sports betting only. As the master licensor, FCLRC is entitled to half of the gaming levy imposed by CEZA on the gaming operators in the CSEZFP.

FCLRC owns 60% of the outstanding capital stock of FCCDCI.

#### 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 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.

#### FCCDCI

FCLRC, LRDCSI and IP Ventures, Inc. (IPVI) formed a joint venture corporation with the name First Cagayan Converge Data Center Inc. 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.

#### 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.

As of December 31, 2021, ABLE had 133 sites, of which 113 were operational sites, while 20 sites remained temporary closed mainly due to stricter quarantine classifications and LGU executive orders.

During the first half of 2022, ABLE closed additional 10 sites. This brought the site count down to 123, of which 121 were operational sites, 2 sites remained temporarily closed.

#### TGXI

TGXI is engaged in operates e-games stations under licensee of PAGCOR.

As of December 31, 2021, TGXI had 31 sites, of which 27 were operational sites, while 2 sites were still temporarily closed due to still-strict quarantine regulations and LGU executive orders, and 2 sites were temporarily closed while waiting for relocation.

During the first half of 2022, the operational site count increased to 28, while 2 sites are due for relocation.

#### ABLGI

ABLGI acquired a building in Manila as investment property and collect rental income.

#### GREJC

GREJC acquired 23 hectares of land property in Boracay for future project. LRWC as Surety and signed an Omnibus Loan and Security Agreement (OLSA) for ₱2,500,000,000.00 with BDO Unibank, Inc. - Trust and Investment Group as Security Trustee and the Company since October 2017.

#### LRLDI

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.

## RESULTS OF OPERATIONS

### GROSS PROFIT

Breakdown of gross revenues, other revenues and its related direct costs are as follows:

<i>(Amounts in Thousands)</i>	<b>For the Six Months Ended June 30</b>			
	<b>2022</b>	2021	Inc/(Dec)	% Change
<b>GROSS GAMING REVENUE</b>				
<i>Retail</i>				
Bingo games	<b>₱1,915,858</b>	₱807,146	₱1,108,712	137.36%
Electronic games	<b>357,231</b>	142,412	214,819	150.84%
	<b>2,273,089</b>	949,558	1,323,531	139.38%
<i>Network and Licenses</i>				
Service and hosting fees	<b>114,673</b>	156,951	(42,278)	-36.05%
Bandwidth and co-location	<b>64,872</b>	157,388	(92,516)	-55.74%
	<b>179,545</b>	314,339	(134,794)	-45.82%
<i>Casino</i>				
Casino gaming revenues	<b>139,206</b>	102,909	36,297	35.27%
<i>Property</i>				
Rent income	<b>33,105</b>	22,552	10,553	46.79%
<b>Total Gross Gaming Revenue</b>	<b>2,624,945</b>	1,389,358	1,235,588	88.93%
<b>DIRECT COSTS</b>				
Franchise fees and taxes	<b>(1,480,764)</b>	(668,237)	812,528	121.59%
Site rental	<b>(222,535)</b>	(161,568)	60,968	37.74%
Contract agent	<b>(128,992)</b>	(91,360)	37,632	41.19%
Utilities & communication	<b>(123,856)</b>	(77,262)	46,593	60.30%
Advertising & promotion	<b>(103,176)</b>	(8,792)	94,384	1073.55%
Payouts	<b>(80,872)</b>	(65,579)	15,293	23.32%
Costs of bandwidth and co-location	<b>(74,533)</b>	(108,675)	(34,142)	-31.42%
Repair & maintenance	<b>(16,695)</b>	(23,683)	(6,987)	-29.50%
Other direct costs	<b>(22,236)</b>	(16,597)	5,639	33.98%
<b>Total Direct Costs</b>	<b>(2,253,660)</b>	(1,221,751)	1,031,908	84.46%
<b>Gross Profit</b>	<b>₱371,285</b>	₱167,606	₱203,679	121.52%

<i>(Amounts in Thousands)</i>	<b>For the Three Months Ended June 30</b>			
	<b>2022</b>	2021	Inc/(Dec)	% Change
<b>GROSS GAMING REVENUE</b>				
<i>Retail</i>				
Bingo games	<b>₱1,257,205</b>	₱268,338	₱988,867	368.52%
Electronic games	<b>263,013</b>	18,641	244,372	1310.92%
	<b>1,520,218</b>	286,979	1,233,239	429.73%
<i>Network and Licenses</i>				
Service and hosting fees	<b>59,414</b>	69,171	(9,757)	-14.11%
Bandwidth and co-location	<b>26,631</b>	70,993	(44,362)	-62.49%
	<b>86,045</b>	140,164	(54,119)	-38.61%
<i>Casino</i>				
Casino gaming revenues	<b>72,860</b>	42,976	29,884	69.54%
<i>Property</i>				
Rent income	<b>16,688</b>	13,371	3,316	24.80%
<b>Total Gross Gaming Revenue</b>	<b>1,695,811</b>	483,490	1,212,321	250.74%
<b>DIRECT COSTS</b>				
Franchise fees and taxes	<b>(848,231)</b>	(221,361)	626,870	283.19%
Site rental	<b>(135,792)</b>	(70,418)	65,374	92.84%
Contract agent	<b>(88,141)</b>	(31,903)	56,238	176.28%
Advertising & promotion	<b>(86,507)</b>	(5,366)	81,141	1512.01%
Utilities & communication	<b>(69,045)</b>	(29,549)	39,496	133.66%
Payouts	<b>(59,252)</b>	(20,300)	38,952	191.88%
Costs of bandwidth and co-location	<b>(36,922)</b>	(62,547)	(25,625)	-40.97%
Repair & maintenance	<b>(5,910)</b>	(18,821)	(12,911)	-68.60%
Other direct costs	<b>(16,110)</b>	(7,542)	8,568	113.62%
<b>Total Direct Costs</b>	<b>(1,345,910)</b>	(467,807)	878,103	187.71%
<b>Gross Profit</b>	<b>₱349,901</b>	₱15,683	₱334,218	2131.02%

### **Consolidated Gross Profit**

For the six months ended June 30, 2022, consolidated gross profits increased by 121.52% or ₱203.68 million from ₱167.61 million of 2021 to ₱371.29 million of 2022. The Group's gross profits significantly increased from ₱15.68 million in the second quarter of 2021 to ₱349.90 million in the same period of 2022 or equivalent to 2131.02% increase. The increase was mainly due to increase in revenue from retail, casino and property segment of the Group, net of the decrease in revenues from network and licenses segment.

### **Casino**

BCGLC and GCLWC revenue increased by 35.27% or ₱36.30 million from ₱102.91 million for the first half of 2021 to ₱139.21 million for the first half of 2022. Casino revenues also grew by 69.54% or ₱29.88 million in the second quarter of 2022 compared to the same period in 2021. The increase was mainly due to increase in operating capacity and sites' operating hours.

### **Network and Licenses**

There was a decrease in network and licenses revenue from ₱314.34 million to ₱178.55 million in the first half of 2022 as compared to the first half of 2021. The decrease amounted to ₱134.79 million or 45.82%. The decline was attributable to: 1) non-renewal of CEZA Licensees and lower revenues reported by existing licensees; and 2) terminations of locators change business locations or discontinue their operations.

## **Retail**

ABLE and its subsidiaries, and TGXI recognized revenue in the first half of 2022 amounting to ₱2.27 billion, an increase of 139.38% or ₱1.32 billion. In the second quarter of 2022, the Group posted revenue from its retail segment amounting to ₱1.52 billion, an increase of ₱1.23 billion or equivalent to 429.73% as compared to the same period in 2021. This was mainly due to increase in retail business operations and new licenses obtained from PAGCOR.

As of June 30, 2022, there were 149 sites in operations with full capacity. Retail group already 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 employees were trained on the new SOPs aimed to reduce COVID-19 transmission.

In July 2021, TGXI received a new PAGCOR license to start a new business product “Electronic Gaming System (EGS)” to replace Electronic games. Previously TGXI earned 29% gross gaming revenue (GGR) from IEST a gaming platform provider and now TGXI generated GGR 52.50% after PAGCOR share. For the six months ended June 30, 2022, the total revenue generated from electronic games amounted to ₱357.23 million.

In January 2022, ABLE received a new PAGCOR license to start a new business product “BingoPlus”, a traditional bingo on a technology platform and recognized additional revenue amounting to ₱570.75 million for the first half of 2022.

## **Property**

ABLGI (Rental income) revenue in the first of 2022 remains stable as compared to the first half of 2021. The revenue generated from the lease of Binondo Suites was approximately ₱2.10 million per quarter.

Total revenue from property segment recorded in the first half of 2022 increased by 46.79% or ₱10.55 million compared to the first half of 2021. This was mainly due to an increase in monthly rent rate and there were new customers from its lease of Cyberpark Buildings 1 and 2 and Techhub Makati.

## **OPERATING EXPENSES**

Breakdown of operating expenses are as follows (amounts in thousands):

	<b>For the Six Months Ended June 30</b>			
	<b>2022</b>	2021	Inc/(Dec)	% Change
Salaries and employee benefits	<b>₱272,038</b>	₱147,812	₱124,226	84.04%
Depreciation and amortization	<b>94,706</b>	109,676	(14,970)	-13.65%
Taxes and licenses	<b>39,909</b>	43,597	(3,688)	-8.46%
Rentals	<b>16,693</b>	1,832	14,861	811.18%
Professional and directors' fees	<b>10,399</b>	17,261	(6,861)	-39.75%
Travel and transportation	<b>4,620</b>	2,268	2,352	103.71%
Others	<b>73,802</b>	36,844	36,957	100.31%
	<b>₱417,460</b>	₱359,290	₱152,877	93.85 %

	<b>For the Three Months Ended June 30</b>			
	<b>2022</b>	2021	Inc/(Dec)	% Change
Salaries and employee benefits	<b>₱165,811</b>	₱66,573	₱99,238	149.07%
Depreciation and amortization	<b>44,821</b>	51,879	(7,058)	-13.60%
Taxes and licenses	<b>27,345</b>	15,619	11,727	75.08%
Rentals	<b>12,005</b>	994	11,010	1107.30%
Professional and directors' fees	<b>7,633</b>	11,136	(3,503)	-31.46%
Travel and transportation	<b>2,928</b>	1,245	1,683	135.16%
Others	<b>28,685</b>	10,513	18,173	172.87%
	<b>₱289,228</b>	₱157,959	₱131,269	83.10%

Total operating expenses increased by 93.85% or 152.88 million for the first half of 2022 as compared to 2021. The increase was attributable to increase in manpower and retail expenses for re-opening of sites from casino and retail segments partially offset by lower taxes and licenses expenses, professional fees, and depreciation and amortization.

### CONSOLIDATED NET LOSS

Details of net loss are as follows (amounts in thousands):

	For the Six Months Ended June 30			
	2022	2021	Inc/(Dec)	% Change
Gross gaming revenues	<b>₱2,624,945</b>	₱1,389,358	₱1,235,587	88.93%
Direct costs	<b>(2,253,660)</b>	(1,221,751)	(1,031,908)	84.46%
<b>Gross Profit</b>	<b>371,285</b>	167,606	203,679	-85.12%
Operating expenses (excluding depreciation)	<b>(417,460)</b>	(249,614)	(167,846)	8.82%
<b>EBITDA*</b>	<b>(46,175)</b>	(82,008)	35,833	43.69%
Depreciation and amortization	<b>(94,706)</b>	(109,676)	14,970	14.18%
Income Tax	-	(4,752)	4,752	100.00%
Other income (expenses) - net	<b>(116,222)</b>	(147,905)	31,683	21.42%
<b>Net Loss after tax</b>	<b>(257,102)</b>	(344,341)	87,238	25.33%
Minority interest	<b>(679)</b>	(13,987)	14,666	104.85%
Net loss attributable to Parent Company	<b>(₱256,423)</b>	(₱358,328)	₱101,904	28.44%

	For the Three Months Ended June 30			
	2022	2021	Inc/(Dec)	% Change
Gross gaming revenues	<b>₱1,695,811</b>	₱483,490	₱1,212,321	250.74%
Direct costs	<b>(1,345,910)</b>	(467,807)	(878,103)	187.71%
<b>Gross Profit</b>	<b>349,901</b>	15,683	334,217	2131.02%
Operating expenses (excluding depreciation)	<b>(244,407)</b>	(106,080)	138,328	130.40%
<b>EBITDA</b>	<b>105,494</b>	(90,397)	195,889	216.70%
Depreciation and amortization	<b>(44,821)</b>	(51,879)	7,058	-13.60%
Income Tax	-	(3,443)	3,443	-100.00%
Other income (expenses) - net	<b>(94,057)</b>	(84,607)	(9,450)	11.17%
<b>Net Loss after tax</b>	<b>(33,384)</b>	(230,326)	473,596	-85.51%
Minority interest	-	1,586	(1,586)	-100.00%
Net loss attributable to Parent Company	<b>(₱33,384)</b>	(₱228,740)	₱195,354	-85.40%

\*EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and non-recurring expense such as impairment loss. The Group evaluates performance based on contributions to EBITDA, which is not a measure of operating performance or liquidity defined by PFRSs and may not be comparable to similarly titled measures presented by other entities.

The Group's consolidated net loss (net of minority share) improved from ₱358.33 million in the first half of 2021 to ₱256.42 million in 2022 or 28.44% decrease. EBITDA also improved by 43.69% in the first half of 2022 or equivalent to ₱35.8 million as compared to the same period in 2021. During the second quarter, EBITDA amounted to ₱105.49 million, and increased by ₱195.89 million as compared with the second quarter of 2021 or equivalent to 216.70%. This was mainly due to significant increase in revenue from retail and casino segments, net of costs and expenses related to manpower and retail business for re-opening of sites.

### **Financial Condition – June 30, 2022 vs. December 31, 2021**

On a consolidated basis, the financial position of LRWC and its subsidiaries continue to be on solid ground.

Total assets as of June 30, 2022 amounted to ₱19.70 billion, an increase of ₱1.11 billion or 5.94% as compared to total assets as December 31, 2021 amounting to ₱18.59 billion. The increase was attributable to increase in cash and receivables. This was brought about by re-opening sites and increase in operational activities of retail segment of the Group and cash received for future stock subscriptions.

The total liabilities as of June 30, 2022 amounted to ₱10.27 billion with an increase of ₱1.36 billion or 15.29% from the total liabilities as of December 31, 2021 amounting to ₱8.91 billion. The increase was mainly due to increase in trade and other payables related to the operations of the Group and deposits received for future stock subscriptions which were presented as liabilities. This was net of settlements of the Groups' loan payables.

### **Cash Flows – Six Months Ended June 30, 2022 vs. June 30, 2021**

Cash balance as of June 30, 2022 and December 31, 2021 amounted to ₱1,128.91 million and ₱416.52 million, respectively. The increase was mainly due to net cash provided by financing and operating activities amounting to ₱837.04 million and ₱215.38 million, respectively, net of cash flows that were used in investing activities amounting to ₱340.02 million during the first half of 2022.

### **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 2022**

#### **RETAIL**

In 2021 until the beginning of 2022, the Retail Group remained headstrong towards embracing change and setting the business on a path of growth and innovation. Our teams successfully started pivoting our business and gaining new revenue streams via digital transformation. We also kept our organic (land-based) revenue streams protected through effective marketing activities, resumption of more sites, and

extension of operating hours. Both the new and organic revenue streams are on an uptrend. At the same time, we continued to achieve operational efficiencies by streamlining processes as well as reskilling our human capital to ensure an agile and dynamic workforce. We also remained true to our commitment to reduce our debts through restructuring, as well as optimized our costs at branch level, including negotiating for rent concessions. We continued to improve our relations with our vendors to rally for their support of our growth and innovation plans.

For the remainder of 2022, we will remain steadfast in pushing our products which are seen to be the “blue ocean” (defined by Investopedia as “new market with little competition or barriers standing in the way of innovators”. In other words, “a vast *empty ocean* of market options and opportunities that occur when a new or unknown industry or innovation appears”). We will be aggressive in the pursuit of player registrations, deposits, and gaming transactions. As the technology-based products can also be played in our branches, we shall continue upgrading our network connectivity and hardware. We will also push for more games availability and variety. With these efforts, we see steep revenue growth in our newly launched and yet-to-be-launched products. These are our new engines of growth and our vehicle to addressing changing consumer trends driven by the pandemic. Thus, with these innovations, we expect this year to be a recovery year alongside projected increase in household incomes and foot traffic and decrease in COVID-19 cases and quarantines. Due to the aforementioned market trends and also expected more site resumptions, our outlook includes an increase in branch (land-based) revenues as well. We plan to leverage on this by reigniting customer relations and acquiring new customers. We shall also remain cost-efficient to protect our margins.

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 2022 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 allows customers to enjoy their playing time in a quiet and cozy gaming room.

### *Safety Protocol*

BCGLC VIP Clubs care for the safety and hygiene of its customers, as continuous sanitation and hygiene is being done routinely in every part of the club areas. BCGLC aims to safeguard player health and safety while spend their time in the VIP Clubs.

## **NETWORK AND LICENSES/PROPERTY**

Following the clarification of the government's position regarding the licensing and regulation of entities involved in gaming operations on a technology platform 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 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. Once the pandemic is over, 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, 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 gaming and financial technology companies. FCLRC expects actual master-planning work to commence late in the second half of 2022. 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 a 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 has built a robust network data network infrastructure in Cagayan that has direct access to Hong Kong and Manila. The data infrastructure provides low latency bandwidth that's integral to gaming operations. The same data infrastructure is connected to multiple nodes across Asia, thereby allowing enterprises to efficiently reach their target markets.

## PART II – OTHER INFORMATION

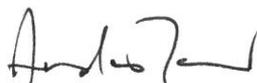
There is no significant information that needs to be reported under this section not previously reported in a report on SEC Form 17-C.

### SIGNATURES

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

#### LEISURE & RESORTS WORLD CORPORATION

By:



**TSUI KIN MING**  
President

August 11, 2022



**WILFREDO M. PIELAGO**  
Chief Financial Officer / Treasurer

August 11, 2022

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

<i>(Amounts in thousands)</i>	June 30, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	₱1,128,929	₱416,524
Receivables – net	1,051,608	924,490
Current portion of lease receivables	2,188	2,353
Due from related parties	157,156	157,156
Prepaid expenses and other current assets	196,185	112,899
<b>Total Current Assets</b>	<b>2,536,066</b>	<b>1,613,422</b>
<b>Noncurrent Assets</b>		
Lease receivable - net of current portion	18,231	15,878
Receivables - net of current portion	452,053	452,053
Property and equipment - net	1,054,059	1,191,770
Investment properties	10,644,781	10,644,781
Investments and advances	2,534,245	2,227,375
Financial assets at fair value through other comprehensive income (FVOCI)	74,914	53,582
Goodwill	1,329,092	1,329,092
Other noncurrent assets - net	1,056,308	1,066,777
<b>Total Noncurrent Assets</b>	<b>17,163,683</b>	<b>16,981,308</b>
<b>Total Assets</b>	<b>₱19,699,749</b>	<b>₱18,594,730</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	₱2,279,654	₱1,633,896
Short-term loans payable	1,042,489	1,057,607
Current portion of:		
Long-term loans payable	339,660	622,532
Lease liabilities	214,983	214,983
Income tax payable	3,247	3,116
<b>Total Current Liabilities</b>	<b>3,880,032</b>	<b>3,532,134</b>
<b>Noncurrent Liabilities</b>		
Long-term loans payable - net of current portion	2,785,504	2,785,504
Lease liabilities - net of current portion	436,929	436,929
Deposit for future stock subscriptions	1,331,050	321,250
Retirement benefits liability	146,809	132,269
Deposits	78,355	88,473
Deferred tax liabilities	1,613,602	1,613,602
<b>Total Noncurrent Liabilities</b>	<b>6,392,249</b>	<b>5,378,027</b>
<b>Total Liabilities</b>	<b>10,272,281</b>	<b>8,910,161</b>

*(Forward)*

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

<i>(Amounts in thousands)</i>	<b>June 30, 2022</b>	December 31, 2021
<b>Equity</b>		
<b>Equity Attributable to the Parent Company</b>		
Capital stock	<b>₱4,094,107</b>	₱4,094,107
Additional paid-in capital - common	<b>4,276,691</b>	4,276,691
Treasury shares	<b>(1,703,951)</b>	(1,703,951)
Retirement benefits reserve	<b>24,244</b>	24,244
Fair value reserve	<b>(52,546)</b>	(52,546)
Foreign currency translation reserve	<b>(2,100)</b>	(2,100)
Other reserve	<b>(19,488)</b>	(19,488)
Retained earnings	<b>2,469,886</b>	2,726,309
	<b>9,086,843</b>	9,343,266
<b>Non-controlling Interests</b>	<b>340,624</b>	341,303
Total Equity	<b>9,427,467</b>	9,684,569
<b>Total Liabilities and Equity</b>	<b>₱19,699,749</b>	₱18,594,730

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

<i>(Amounts in thousands, except per share data)</i>	<b>For the Six Months</b>		<b>For the Three Months</b>	
	<b>Ended June 30</b>		<b>Ended June 30</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
<b>REVENUES</b>				
Bingo games	<b>₱1,915,858</b>	₱807,146	<b>₱1,257,205</b>	₱268,338
Electronic games	<b>357,231</b>	142,412	<b>263,013</b>	18,641
Rental income and casino	<b>172,311</b>	125,461	<b>89,548</b>	56,347
Service and hosting fees	<b>114,673</b>	156,951	<b>59,414</b>	69,171
Bandwidth and co-location	<b>64,872</b>	157,388	<b>26,631</b>	70,993
	<b>2,624,945</b>	1,389,358	<b>1,695,811</b>	483,490
<b>COSTS AND OPERATING EXPENSES</b>				
Franchise fees and taxes	<b>(1,480,764)</b>	(668,236)	<b>(848,298)</b>	(221,361)
Salaries and other benefits	<b>(272,038)</b>	(147,812)	<b>(165,977)</b>	(66,573)
Rent	<b>(239,229)</b>	(163,400)	<b>(148,194)</b>	(71,412)
Contracted services	<b>(128,992)</b>	(91,360)	<b>(88,157)</b>	(31,903)
Communications and utilities	<b>(123,856)</b>	(77,262)	<b>(69,108)</b>	(29,549)
Advertising and promotion	<b>(103,176)</b>	(8,792)	<b>(85,187)</b>	(5,366)
Depreciation and amortization	<b>(94,706)</b>	(109,676)	<b>(44,852)</b>	(51,879)
Payouts	<b>(80,872)</b>	(65,579)	<b>(59,266)</b>	(20,300)
Bandwidth and co-location costs	<b>(74,533)</b>	(101,052)	<b>(36,921)</b>	(57,461)
Representation and entertainment	<b>(53,402)</b>	-	<b>(15,381)</b>	-
Taxes and licenses	<b>(39,909)</b>	(43,597)	<b>(27,359)</b>	(15,619)
Repairs and maintenance	<b>(16,695)</b>	(23,683)	<b>(5,910)</b>	(18,821)
Professional and directors' fees	<b>(10,399)</b>	(17,261)	<b>(7,635)</b>	(11,136)
Transportation and travel	<b>(4,620)</b>	(2,268)	<b>(2,928)</b>	(1,245)
Others	<b>(42,635)</b>	(61,063)	<b>(29,966)</b>	(23,141)
	<b>(2,765,826)</b>	(1,581,041)	<b>(1,635,138)</b>	(625,766)
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>(140,881)</b>	(104,489)	<b>60,673</b>	(142,276)

*(Forward)*

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

<i>(Amounts in Thousands, except per share data)</i>	<b>For the Six Months Ended June 30</b>		<b>For the Three Months Ended June 30</b>	
<b>OTHER INCOME (EXPENSES) - Net</b>				
Finance expense	<b>(P85,542)</b>	(P110,244)	<b>(P63,572)</b>	(P44,354)
Foreign exchange gain (loss) - net	<b>(1,651)</b>	-	<b>(535)</b>	-
Equity on net earnings of investment in associates and joint venture	-	(43,070)	-	(43,070)
Finance income	<b>46</b>	43	<b>25</b>	18
Other income - net	<b>(29,074)</b>	5,366	<b>(29,975)</b>	2,799
	<b>(116,221)</b>	(147,905)	<b>(94,057)</b>	(84,607)
<b>LOSS BEFORE INCOME TAX</b>	<b>(257,102)</b>	(339,588)	<b>(33,384)</b>	(226,883)
<b>PROVISION FOR INCOME TAX</b>	-	4,752	-	3,443
<b>NET LOSS</b>	<b>(257,102)</b>	(344,340)	<b>(33,384)</b>	(230,326)
<b>OTHER COMPREHENSIVE INCOME</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(P257,102)</b>	(P344,340)	<b>(P33,384)</b>	(P230,326)
Attributable to:				
Equity Holders of the Parent Company	<b>(P256,423)</b>	(P358,327)	<b>(P33,384)</b>	(P228,740)
Non-controlling interest	<b>(679)</b>	13,987	-	(1,586)
	<b>(P257,102)</b>	(P344,340)	<b>(P33,384)</b>	(P230,326)
<b>Basic/Diluted Loss Per Share</b>	<b>(P0.1064)</b>	(P0.1482)	<b>(P0.0137)</b>	(P0.0946)
<b>Diluted Loss Per Share</b>	<b>(0.1064)</b>	(0.1434)	<b>(P0.0137)</b>	(0.0916)

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

	Equity Attributable to Equity Holders of the Parent Company											Non-controlling Interests	Total Equity
	Capital Stock		Additional Paid-in Capital - Common	Treasury Shares	Retirement Benefits Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total			
	Common Shares	Preferred Shares											
<b>Balance at January 1, 2022</b>	<b>₱2,444,107</b>	<b>₱1,650,000</b>	<b>₱4,276,691</b>	<b>(₱1,703,951)</b>	<b>₱24,244</b>	<b>(₱52,546)</b>	<b>(₱2,100)</b>	<b>(₱19,488)</b>	<b>₱2,726,309</b>	<b>₱9,343,266</b>	<b>₱341,303</b>	<b>₱9,684,569</b>	
Net income (loss) for the year	-	-	-	-	-	-	-	-	(256,423)	(256,423)	(679)	(257,102)	
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	(256,423)	(256,423)	(679)	(257,102)	
Reclassification of shares	1,650,000	(1,650,000)	-	-	-	-	-	-	-	-	-	-	
<b>Balance at June 30, 2022</b>	<b>₱4,094,107</b>	<b>₱-</b>	<b>₱4,276,691</b>	<b>(₱1,703,951)</b>	<b>₱24,244</b>	<b>(₱52,546)</b>	<b>(₱2,100)</b>	<b>(₱19,488)</b>	<b>₱2,469,886</b>	<b>₱9,086,843</b>	<b>₱340,624</b>	<b>₱9,427,467</b>	

	Equity Attributable to Equity Holders of the Parent Company											Non-controlling Interests	Total Equity
	Capital Stock		Additional Paid-in Capital - Common	Treasury Shares	Retirement Benefits Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Total			
	Common Shares	Preferred Shares											
<b>Balance at January 1, 2021</b>	<b>₱2,417,500</b>	<b>₱1,650,000</b>	<b>₱4,263,308</b>	<b>(₱1,703,951)</b>	<b>(₱18,336)</b>	<b>₱6,503</b>	<b>(₱2,100)</b>	<b>(₱19,488)</b>	<b>₱3,564,744</b>	<b>₱10,158,180</b>	<b>₱397,205</b>	<b>₱10,555,385</b>	
Net income (loss) for the year	-	-	-	-	-	-	-	-	(358,328)	(358,328)	13,987	(344,341)	
Other comprehensive income	-	-	-	-	2,071	-	-	-	-	2,071	(1,384)	687	
Total comprehensive income (loss) for the year	-	-	-	-	2,071	-	-	-	(358,328)	(356,257)	12,603	(343,654)	
Redemption of preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Balance at June 30, 2021</b>	<b>₱2,417,500</b>	<b>₱1,650,000</b>	<b>₱4,263,308</b>	<b>(₱1,703,951)</b>	<b>(₱16,265)</b>	<b>₱6,503</b>	<b>(₱2,100)</b>	<b>(₱19,488)</b>	<b>₱3,206,416</b>	<b>₱9,801,923</b>	<b>₱409,808</b>	<b>₱10,211,731</b>	

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

<i>(Amounts in thousands)</i>	<b>Six Months Ended June 30</b>	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	(P257,102)	(P339,588)
Adjustments for:		
Depreciation and amortization	94,706	109,675
Finance expense	85,542	97,498
Unrealized foreign exchange loss - net	1,651	(258)
Equity on net earnings of investment in associates and joint venture	-	43,070
Retirement benefits	-	687
Finance income	(46)	(43)
Operating loss before working capital changes	(75,249)	(88,959)
Increase in:		
Receivables	(51,855)	17,386
Other assets	(293,200)	(25,989)
Increase (decrease) in:		
Trade and other payables	645,758	268,563
Deposits	(10,118)	8,070
Cash generated from operations	215,336	179,071
Income tax paid	-	(10,017)
Interest received	46	42
Net cash provided by operating activities	215,382	169,096
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase (decrease) in:		
Investments and advances	(306,870)	86,043
Property and equipment	(22,679)	2,994
Other noncurrent assets	(10,470)	860
Investment properties	-	(9,402)
Net cash provided by (used in) investing activities	(340,019)	80,495
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deposits received for future stock subscription	1,009,800	-
Proceeds from loans payable	285,763	242,500
Payments of loans payable	(384,935)	(467,937)
Payments of lease liabilities	-	(598)
Interest paid	(73,586)	(98,242)
Net cash from (used in) financing activities	837,042	(324,277)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>712,405</b>	<b>(74,686)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>416,524</b>	<b>373,974</b>
<b>CASH AT END OF PERIOD</b>	<b>P1,128,929</b>	<b>P299,288</b>

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

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**1. Company Information**

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.

On June 15, 2021 and July 30, 2021, the BOD and stockholders of LRWC respectively approved the reclassification of LRWC’s 1.5 million preferred shares into common shares. On November 22, 2021 and January 7, 2022, the BOD and stockholders respectively approved the reclassification of the remaining 1.0 billion preferred shares into common shares. On May 20, 2022, the SEC approved the amendment of the Articles of Incorporation.

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

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**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.

<u>Items</u>	<u>Measurement bases</u>
Financial assets at fair value through other comprehensive income	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 thousands (000), 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 accounting pronouncements which became effective beginning January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have a significant impact in the financial statements.

- **Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond June 30, 2021***

The amendment provides 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, 2022; 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.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The Group adopted the amendment on April 1, 2021.

- **Amendments to PFRS 9, PAS 39, 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 Company 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

#### 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, 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 are effective for annual reporting periods beginning on or after January 1, 2022 and apply 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.

The amendments are not expected to have a material impact on the Group.

- **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 amendments are effective for annual reporting periods beginning on or after January 1, 2022. 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. The amendments are not expected to have a material impact on the Group.

#### *Effective beginning on or after January 1, 2023*

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

*Effective beginning on or after January 1, 2024*

- 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 are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation

*Effective beginning on or after January 1, 2025*

- 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

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. 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 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.

#### 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 June 30, 2022 and 2021:

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
<i>*Non-operating subsidiary.</i>		

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.

#### 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:

Subsidiaries	Percentage of Ownership	
	2022	2021
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.

#### 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 June 30, 2022 and December 31, 2021:

<u>Subsidiaries</u>	<u>Percentage of Ownership</u>
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 was licensed by PAGCOR to operate a junket within PAGCOR's Casino Filipino-Midas. Junket operations have been suspended at the start of the ECQ.

In November 2021, PIKI ceased its operations.

#### 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 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).

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 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 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 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 ECLs 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 cash in bank, 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 Company; 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross in the Group statements of financial position.

#### 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 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, or in 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 the 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 the consolidated statement of comprehensive income.

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.

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the statement of financial position. 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
<i>*Recorded under "Other noncurrent assets" account</i>	

There are no changes in estimated useful lives in 2022 and 2021.

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 - "Others" and stated at cost less accumulated amortization and impairment in value, if any and is. 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.

#### Revaluation Surplus

Revaluation surplus pertains to accumulated gains and losses to revaluation of LRLDI and FCLRC's land.

#### Fair Value Reserve

Fair value reserve represents cumulative net change in the fair value of FVOCI, net of tax effect, as at reporting date.

#### 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 Board of Directors.

#### 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.

*Electronic Gaming System.* Revenue from these gaming system 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.* 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 effective interest rate 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

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.

### *Operating Leases*

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 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 shall 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. Operating lease payments are recognized as expense in profit or loss 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 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 AFS financial assets, a 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.

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### **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 June 30, 2022 and December 31, 2021.

*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.

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#### 4. Segment Information

The Group operates in four (4) reportable business segments namely: the network and licenses 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.

##### Network and Licenses

The network and licenses' 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 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 June 30, 2022 follows:

<i>(In thousands)</i>	<b>Casino Group</b>	<b>Network and License Group</b>	<b>Retail Group</b>	<b>Property Group</b>	<b>Others</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Segment Result</b>							
Gross Profits	<b>₱67,805</b>	<b>42,549</b>	<b>263,312</b>	<b>12,910</b>	<b>(15,291)</b>	<b>–</b>	<b>371,285</b>
EBITDA	<b>46,392</b>	<b>24,773</b>	<b>30,335</b>	<b>(3,399)</b>	<b>(144,276)</b>	<b>–</b>	<b>(46,175)</b>
Net Income (loss) before tax	<b>(15,184)</b>	<b>6,812</b>	<b>(23,001)</b>	<b>(45,832)</b>	<b>(179,897)</b>	<b>–</b>	<b>(257,102)</b>
<b>Other Information</b>							
Segment assets	<b>862,167</b>	<b>3,645,682</b>	<b>6,724,358</b>	<b>14,220,912</b>	<b>12,869,991</b>	<b>(18,623,361)</b>	<b>19,699,749</b>
Segment liabilities	<b>1,023,212</b>	<b>2,463,902</b>	<b>7,342,389</b>	<b>9,236,695</b>	<b>6,704,145</b>	<b>(16,498,062)</b>	<b>10,272,281</b>
Capital expenditures	<b>1,410</b>	<b>–</b>	<b>21,269</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>22,679</b>
Depreciation and amortization	<b>(52,683)</b>	<b>(17,543)</b>	<b>(22,688)</b>	<b>(448)</b>	<b>(1,343)</b>	<b>–</b>	<b>(94,706)</b>

There were no intersegment sales recognized among reportable segments in 2022. 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.

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## 5. 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.

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.

### *Financial assets at fair value through other comprehensive income*

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 June 30, 2022 and December 31, 2021

	2022					Total
	Current	Past Due			ECL	
		30 Days	60 Days	90 Days and Above		
Cash and cash equivalents*	₱1,064,549	₱-	₱-	₱-	₱-	₱1,064,549
Receivables	1,100,608	-	-	-	-	1,100,608
Lease receivables	20,419	-	-	-	-	20,419
Rental deposits	176,477	-	-	-	-	176,477
Cash performance bonds	396,946	-	-	-	-	396,946
Performance cash deposits and betting credit funds	32,450	-	-	-	-	32,450
Due from related parties	157,156	-	-	-	-	157,156
Financial assets at FVOCI	74,914	-	-	-	-	74,914
	<b>₱3,023,519</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>-</b>	<b>₱3,023,519</b>

\*Excluding cash on hand and pay-out fund amounting to ₱64,380.

	2021					Total
	Current	Past Due			ECL	
		30 Days	60 Days	90 Days and Above		
Cash and cash equivalents*	₱369,509	₱-	₱-	₱-	₱-	₱369,509
Receivables	1,376,543	-	-	-	-	1,376,543
Lease receivables	18,231	-	-	-	-	18,231
Rental deposits	435,822	-	-	-	-	435,822
Cash performance bonds	403,950	-	-	-	-	403,950
Performance cash deposits and betting credit funds	32,450	-	-	-	-	32,450
Due from related parties	157,156	-	-	-	-	157,156
Financial assets at FVOCI	53,582	-	-	-	-	53,582
	<b>₱2,847,243</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>-</b>	<b>₱2,847,243</b>

\*Excluding cash on hand and pay-out fund amounting to ₱47,015.

*Credit risk under general and simplified approach*

	2022				Total
	General Approach			Simplified Approach	
	Stage 1	Stage 2	Stage 3		
Cash and cash equivalent*	₱1,064,549	₱-	₱-	₱-	₱1,064,549
Receivables - net	-	-	-	1,100,608	1,100,608
Lease receivables	-	-	-	20,419	20,419
Rental deposits	176,477	-	-	-	176,477
Cash performance bonds	396,946	-	-	-	396,946
Performance cash deposits and betting credit funds	32,450	-	-	-	32,450
Due from related parties	157,156	-	-	-	157,156
Financial assets at FVOCI	74,914	-	-	-	74,914
	<b>₱1,902,492</b>	<b>₱-</b>	<b>₱-</b>	<b>₱1,121,027</b>	<b>₱3,023,519</b>

	2021				Total
	General Approach			Simplified Approach	
	Stage 1	Stage 2	Stage 3		
Cash and cash equivalent*	₱369,509	₱-	₱-	₱-	₱369,509
Receivables - net	-	-	-	1,376,543	1,376,543
Lease receivables	-	-	-	18,231	18,231
Rental deposits	435,822	-	-	-	435,822
Cash performance bonds	403,950	-	-	-	403,950
Performance cash deposits and betting credit funds	32,450	-	-	-	32,450
Due from related parties	157,156	-	-	-	157,156
Financial assets at FVOCI	53,582	-	-	-	53,582
	<b>₱1,452,469</b>	<b>₱-</b>	<b>₱-</b>	<b>₱1,394,774</b>	<b>₱2,847,243</b>

\*Excluding cash on hand and pay-out fund amounting to ₱47,015.

### Liquidity Risk

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

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

In addition, the Group has an omnibus line of credit with a number of Philippine banks consisting of commitments for short term loans, letters of credit and documents against acceptances/documents against payment (DA/DP) facilities trust receipts. As at June 30, 2022 and December 31, 2021, the total commitment under the line of credit amounted to ₱1,115,000. As at June 30, 2022 and December 31, 2021, the Group has drawn ₱983,013. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates.

### Market Risk

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

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

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 than 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 financial assets at fair value through other comprehensive income.

### 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.

*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*

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

*Obligations under Finance Lease*

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

*Financial assets at fair value through other comprehensive income*

The fair value of the financial assets at fair value through other comprehensive income is based on the quoted market price of the investment in equity as at March 31, 2022. The fair value is under Level 1 of the fair value hierarchy.

In 2022 and 2021, there were no transfer between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 measurements.

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 June 30, 2022. The Group is not subject to externally-imposed capital requirements.

**LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES**  
**Financial Soundness Indicators**  
**As of June 30, 2022 and December 31, 2021 and**  
**For the Six Months Ended June 30, 2022 and 2021**

<b>Key Performance Indicator</b>	<b>Formula</b>	<b>2022</b>	<b>2021</b>
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	<b>65.4%</b>	45.7%
Debt to Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Stockholders' Equity}}$	<b>109.0%</b>	92.0%
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Stockholders' Equity}}$	<b>209.0%</b>	192.0%
Return on Average Equity	$\frac{\text{Net Income}^*}{\text{Average Stockholders' Equity}}$	<b>(2.7%)</b>	(3.4%)
Return on Average Assets*	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$	<b>(1.3%)</b>	(1.8%)
Solvency Ratio*	$\frac{\text{Net Income}^* + \text{Depreciation}^*}{\text{Total Liabilities}}$	<b>(1.6%)</b>	(5.3%)
Interest Coverage Ratio*	$\frac{\text{Income Before Interest, Tax \& Depreciation}^*}{\text{Interest Expense}^*}$	<b>(89.8%)</b>	(113.9%)
Net Book Value Per Share	$\frac{\text{Stockholders' Equity}}{\text{Weighted Average Shares Outstanding}}$	<b>3.9</b>	4.0
Basic Earnings Per Share*	$\frac{\text{Income Attributable to Ordinary Stockholders of the Parent Company}^*}{\text{Weighted Average Shares Outstanding}}$	<b>(0.1052)</b>	(0.1482)

*\*For the six months ended June 30, 2022 and 2021*