

SERVICE CONTRACT

This SERVICE CONTRACT ("Contract") is entered into by and between:

PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR), a government-owned and controlled corporation, created and existing by virtue of Presidential Decree No. 1869, as amended, with office address at PAGCOR Executive Office, New World Manila Bay Hotel, M.H. Del Pilar cor. Pedro Gil Sts., Malate, Manila, represented by its President and Chief Operating Officer, **JORGE V. SARMIENTO**, hereinafter referred to as "PAGCOR";

- and -

BACKROOM, INC., a corporation registered with the Securities and Exchange Commission (SEC) with SEC Certificate No. 169004 and principal office address at Unit 207 CRM Building 116 Kamias Road cor. Kasing Kasing St., Quezon City, represented by its President, **ROWENA S. SALIDO**, hereinafter referred to as the "CONTRACTOR", a copy of Secretary's Certificate is hereto attached as Annex "A".

Collectively referred to as the "Parties"

WITNESSETH: THAT -

WHEREAS, PAGCOR requires the Procurement of Entertainment for the Monthly Variety Shows (Nationwide January to March 2016) under ITB No.12-03-2015 ("Services");

WHEREAS, considering that all the requisites were met, **PAGCOR**, resolved to directly contract with the **CONTRACTOR** pursuant to Section 50 of the Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184;

WHEREAS, the **CONTRACTOR** has submitted the Single Calculated Responsive Quotation to undertake the supply and delivery of said Services;

WHEREAS, **PAGCOR** has accepted the proposal of the **CONTRACTOR**, subject to the terms and conditions hereunder stipulated;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereunder specified by these presents, **PAGCOR** and the **CONTRACTOR** hereby enter into a Contract under the following terms, conditions and stipulations:

ARTICLE I DESCRIPTION OF WORK

The **CONTRACTOR** undertakes to provide the Services according to the following technical specifications:

Project: Procurement of Entertainment for the Monthly Variety Shows (Nationwide January to March 2016)

Performance Duration:

Minimum of sixty (60) minutes of very satisfactory performance based on the Exclusivity of the Program

Performers , Date and Venue of Performance:

JANUARY 2016

January 8, Madison Satellite – Marion Aunor
January 9, Ronquillo Satellite – DJ Durano
January 13, CF Pavilion - Randy Santiago
January 15, Mimosa - K Brosas with Live Band
January 20, CF Angeles - Allan K with Ate Gay
January 23 , CF Cebu - Allan K with Ate Gay
January 29, Crown Regency Satellite - Randy Santiago
January 29, Malabon Satellite – Dj Durano and Marion Aunor
January 30, CF Davao - K Brosas

FEBRUARY 2016

February 5, Malabon Satellite - Ivy Violan
February 6, Ronquillo Satellite - Princess Velasco
February 10, CF Pavilion - Princess Velasco
February 12, CF Cebu – Pokwang
February 12, Madison Satellite – Randy Santiago
February 13, Crown Regency Satellite – Chokoleit
February 13, Mimosa Satellite – Princess Velasco
February 17, CF Angeles – Pokwang
February 20, CF Davao – Randy Santiago

MARCH 2016

March 4, Mimosa Satellite – Randy Santiago
March 4, Crown Regency Satellite – Ivy Violan
March 5, Ronquillo Satellite – Chokoleit
March 9, CF Pavilion – Pokwang
March 12, CF Cebu – Poch & K Brosas
March 18, Malabon Satellite – Randy Santiago
March 18, Madison Satellite – Princess Velasco
March 19, CF Davao – Rufa Mae Quinto with Petite
March 30, CF Angeles – Sitti, Princess Velasco & Juris

Additional Conditions:

1. The following shall be provided by the winning bidder during the show:

- Musical and Production Requirement:
 - Musical arrangement and CD materials
 - Music Materials
- Hotel, F&B and Transportation:
 - Hotel and Transportation (Land & Airfare), if applicable
 - Food & Beverage of performer

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- Collaterals
 - Posters and Tarpaulins
2. The artists / entertainers, branch assignments and date of performances shall not be replaced by the CONTRACTOR without express written consent from PAGCOR. If, for any cause, any or all of artist(s)/ entertainer(s)/ performer(s) shall become indisposed on the day of the show, the CONTRACTOR shall promptly retain the services of back-up artist(s)/ entertainer(s)/ performer(s) of the same caliber, who shall perform in lieu of the original artist(s)/ entertainer(s)/ performer(s), subject to the approval of the Second Party. The Contractor shall inform PAGCOR beforehand of any cancellation or non-performance.
 3. PAGCOR shall provide the venue with basic technical equipment.

The CONTRACTOR undertakes to deliver the Services in strict conformity with the agreed specifications. In the event the CONTRACTOR fails to comply with any aspect of the approved final concept, storyboard, script and items as described in the Contract, PAGCOR may implement necessary changes or adjustments in order to achieve the desired results.

ARTICLE II
NO EMPLOYER-EMPLOYEE RELATIONSHIP

There shall be no employer-employee relationship between PAGCOR and the artist(s)/entertainer(s)/performer(s) and employees of the CONTRACTOR. The CONTRACTOR shall have the entire charge, control and supervision of the performance of the Services herein agreed upon. Any damage, accident, injury, or sickness of any kind, or death that may occur to any artist(s)/entertainer(s)/performer(s) or employee of the CONTRACTOR during the time and consequent to the performance of the Services under this Contract shall likewise be the CONTRACTOR's responsibility.

The CONTRACTOR further binds itself to hold PAGCOR free and harmless from any claim on account of the aforementioned injury or damage.

ARTICLE III
CONTRACT TIME

This Contract shall commence on the effectivity date provided in the Notice to Proceed.

The schedule for the performances shall be as follows:

<u>JANUARY 2016</u>	
January 8, Madison Satellite	- Marion Aunor
January 9, Ronquillo Satellite	- DJ Durano
January 13, CF Pavilion	- Randy Santiago
January 15, Mimosa -	K Brosas with Live Band
January 20, CF Angeles	- Allan K with Ate Gay
January 23, CF Cebu	- Allan K with Ate Gay
January 29, Crown Regency Satellite	- Randy Santiago
January 29, Malabon Satellite	- Dj Durano and Marion Aunor
January 30, CF Davao	- K Brosas

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FEBRUARY 2016

February 5, Malabon Satellite - Ivy Violan
February 6, Ronquillo Satellite - Princess Velasco
February 10, CF Pavilion - Princess Velasco
February 12, CF Cebu - Pokwang
February 12, Madison Satellite - Randy Santiago
February 13, Crown Regency Satellite - Chokoleit
February 13, Mimosa Satellite - Princess Velasco
February 17, CF Angeles - Pokwang
February 20, CF Davao - Randy Santiago

MARCH 2016

March 4, Mimosa Satellite - Randy Santiago
March 4, Crown Regency Satellite - Ivy Violan
March 5, Ronquillo Satellite - Chokoleit
March 9, CF Pavilion - Pokwang
March 12, CF Cebu - Pooh & K Brosas
March 18, Malabon Satellite - Randy Santiago
March 18, Madison Satellite - Princess Velasco
March 19, CF Davao - Rufa Mae Quinto with Petite
March 30, CF Angeles - Sitti, Princess Velasco & Juris

Casino Filipino - Malate New World Manila Bay Hotel, Mabini cor. Pedro Gil Street, Malate

Casino Filipino-Cebu - Waterfront Hotel & Casino, Salinas Drive, Lahug, Cebu City

Mactan Satellite - Waterfront Airport Hotel and Casino, Airport Road, Lapu-lapu City

Casino Filipino-Angeles - McArthur Highway, Balibago, Angeles City, Pampanga

Casino Filipino-Pavilion - Manila Pavilion Hotel, U.N. Avenue, Ermita, Manila

Casino Filipino-Olongapo - Magsaysay Avenue., Olongapo City, Zambales

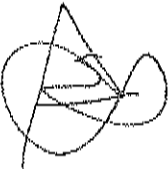
Carmona Satellite - San Lazaro Leisure Park, Governor's Drive, Carmona, Cavite

Casino Filipino-Tagaytay - Emilio Aguinaldo Hwy, Tagaytay City

Casino Filipino-Iloilo - Amigo Terrace Hotel, Iznart cor. Delgado Sts., Iloilo City

Mimosa Satellite - Mimosa Drive, Clark Field, Pampanga

Within this period, **PAGCOR** may terminate this Contract with or without cause, without incurring any liability whatsoever, such as, but not limited to, the payment of any unpaid and unperformed Service(s), without need for judicial intervention, upon thirty (30) days written notice to the **CONTRACTOR**.

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ARTICLE IV
DAMAGES FOR DELAY

The **CONTRACTOR** shall complete/deliver the Services within the time prescribed in this Contract. Should the **CONTRACTOR** incur delay in its performance, the **CONTRACTOR** shall pay a penalty of one-tenth of one percent (1/10 of 1%) of the total cost of the unperformed portion of the contract for each day of delay, including Sundays and Holidays, beyond the specific period. The maximum deduction shall be ten percent (10%) of the amount of the contract. Once the cumulative amount of liquidated damages reaches ten percent (10%) of the amount of the contract, **PAGCOR** shall have the option to rescind the contract, without prejudice to other courses of action and remedies open to it.

In case the **CONTRACTOR** still fails to deliver the item after the lapse of thirty (30) calendar days from the stipulated date of delivery, in addition to the penalties agreed upon, **PAGCOR** shall have the option to terminate the Contract.

ARTICLE V
CONTRACT PRICE

The Contract Price for the Services shall be in the total amount of **Seven Million Five Hundred Thousand Pesos (PhP7,500,000.00)**, **VAT Exclusive, Zero-Rated Transaction**, with breakdown as follows:

Performers, Date and Venue of Performance	Talent Fee of Celebrity Hosts, Musical and/or Production Requirement, Land Transportation/Airfare, F & B, and Hotel Accommodation, per Date and Venue of Performance (VAT Exclusive, Zero Rated Transaction)
<u>JANUARY 2016</u>	
January 8, Madison Satellite – Marion Aunor	PhP250,000.00
January 9, Ronquillo Satellite – DJ Durano	PhP200,000.00
January 13, CF Pavilion - Randy Santiago	PhP250,000.00
January 15, Mimosa - K Brosas with Live Band	PhP200,000.00
January 20, CF Angeles - Allan K with Ate Gay	PhP350,000.00
January 23, CF Cebu - Allan K with Ate Gay	PhP550,000.00
January 29, Crown Regency Satellite - Randy Santiago	PhP150,000.00
January 29, Malabon Satellite – Dj Durano and Marion Aunor	PhP200,000.00
January 30, CF Davao - K Brosas	PhP350,000.00
<u>FEBRUARY 2016</u>	
February 5, Malabon Satellite - Ivy Violan	PhP200,000.00
February 6, Ronquillo Satellite - Princess Velasco	PhP200,000.00
February 10, CF Pavilion - Princess Velasco	PhP250,000.00
February 12, CF Cebu – Pokwang	PhP550,000.00
February 12, Madison Satellite – Randy Santiago	PhP250,000.00

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February 13, Mimosa Satellite – Princess Velasco	PhP200,000.00
February 17, CF Angeles – Pokwang	PhP350,000.00
February 20, CF Davao – Randy Santiago	PhP350,000.00
<u>MARCH 2016</u>	
March 4, Mimosa Satellite – Randy Santiago	PhP200,000.00
March 4, Crown Regency Satellite – Ivy Violan	PhP150,000.00
March 5, Ronquillo Satellite – Chokoleit	PhP200,000.00
March 9, CF Pavilion – Pokwang	PhP250,000.00
March 12, CF Cebu – Pooh & K Brosas	PhP550,000.00
March 18, Malabon Satellite – Randy Santiago	PhP200,000.00
March 18, Madison Satellite – Princess Velasco	PhP250,000.00
March 19, CF Davao – Rufa Mae Quinto with Petite	PhP350,000.00
March 30, CF Angeles – Sitti, Princess Velasco & Juris	PhP350,000.00
GRAND TOTAL COST	Seven Million Five Hundred Thousand Pesos (PhP7,500,000.00)

Both parties agree that the Contract Price stated herein includes all applicable taxes, fees licenses, permits and charges required by the Philippine Government. The **CONTRACTOR** holds **PAGCOR** free from liability for any or all taxes, fees, licenses, permits and charges arising out of this Contract.

The price herein agreed shall not be subjected to any increase or upward adjustment for any reason or cause whatsoever for the duration of the Contract.

All amounts, claims, and expenses pertaining to licenses, permits, registrations or renewals thereof required by the appropriate government entities for the Services performed under the Contract shall be for the exclusive account of the **CONTRACTOR**.

ARTICLE VI **SCHEDULE OF PAYMENT**

Payment shall be made upon the completion of Monthly shows based on the schedule in Article V and the issuance of the Monthly Certificate of Acceptance by the End-user.

ARTICLE VII **WARRANTIES AND RESPONSIBILITIES**

The **CONTRACTOR** hereby warrants that:

1. There are no actions, suits or proceedings pending or, to the best of its knowledge, threatened, which may have any adverse material effects on its ability to fulfill its obligations under this Contract or on its operations, business, properties, assets or business condition.
2. The **CONTRACTOR** further warrants that it is fully authorized to render the Services and has secured all the necessary government licenses and permits to allow it to render the Services agreed upon and that it is free from any liability or adverse claims, of every nature and description that would prevent or hinder it from rendering the said Services.

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3. The **CONTRACTOR** shall fully defend, protect, indemnify, and shall hold **PAGCOR** harmless from any and all adverse claims that may be made by any party by reason of the Contract.

ARTICLE VIII
PERFORMANCE SECURITY

To guarantee the faithful performance of the **CONTRACTOR** of all of its obligations under this Contract, it shall provide a Performance Security in any of the following forms:

Allowable Form of Performance Security	Percentage Amount of the Contract Price
Retention Money or Cash [PAGCOR shall deduct five percent (5%) retention money for every progress payment provided that it should not exceed five percent (5%) of the contract price]	Five Percent (5%)
Cashier's/manager's check issued by a Universal or Commercial Bank;	Three Hundred Seventy Five Thousand Pesos (PhP375,000.00)
Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank, Provided however that if issued by a foreign bank, it shall be duly confirmed by a Universal or Commercial Bank; or	
Surety Bond (which is acceptable to PAGCOR) issued by a surety or insurance company duly certified by the Insurance Commission to issue said security specific for the project.	Thirty Percent (30%) Two Million Two Hundred Fifty Thousand Pesos (PhP2,250,000.00)

The Performance Security shall be retained by **PAGCOR**, without interest, during the pendency of this Contract and any extension thereof. The Performance Security shall only be released after the termination of this Contract and/or the issuance by **PAGCOR** of the final Certificate of Acceptance and after deducting any and all claims that **PAGCOR** may have against the **CONTRACTOR**.

The **CONTRACTOR** shall cause the extension of the validity of the Performance Security to cover approved contract time extensions.

The Performance Security shall guarantee the complete and satisfactory performance of the agreed upon Services, the delivery of the items enumerated in Article I, and the full compliance of its warranties under Article VII.

ARTICLE IX
INTELLECTUAL PROPERTY

All new materials, compilations, data and information produced hereunder, from the inception of the Contract until its final completion, including all other reproductions made therefrom, together with the performances embodied therein and all copyrights therein and thereto, and all renewals and extensions thereof shall entirely be the

property of PAGCOR, free from any claims whatsoever by the CONTRACTOR, its employees or any other person.

The CONTRACTOR shall be responsible for securing the necessary licenses, permits or authorization from the owners of the copyright of the songs or pieces to be performed in accordance with the relevant and applicable statutes as well as provisions of other laws, ordinances and decrees and hereby holds PAGCOR free and harmless from whatever liability or damage suits that may be filed against the latter for violation of said laws and ordinances as well as suits or claims by third parties.

ARTICLE X **CLAIMS AND DISPUTES**

All claims and disputes relating to or arising out of this Contract shall be settled amicably by the parties before resorting to any judicial action.

If the parties fail to settle their differences or disputes, the parties waiving for the purpose any other venue, hereby agree that the courts of the City of Manila shall be the exclusive venue of any or all actions or suits between the parties, to the exclusion of all other courts and venues. This exclusive venue provision shall apply even in cases for the declaration of nullity of this Contract in its entirety or in part, and in cases arising after or by reason of the declaration of nullity of this Contract in its entirety or in part.

ARTICLE XI **INDEMNIFICATION**

The CONTRACTOR shall indemnify and shall hold PAGCOR, its directors, employees, guests, agents corporate affiliates free and harmless against any and all liability to third parties arising from this Service Contract including (but not limited to) the violation of any third party's trade secret, proprietary information, trademark, copyright or patent rights in connection with the use of PAGCOR of the CONTRACTOR's services.

The CONTRACTOR shall be liable to PAGCOR, for any damage to property or injury or death of persons occasioned by the Services rendered by the CONTRACTOR under this Contract, or by reason of the gross neglect or willful misconduct of the CONTRACTOR, or any of its agents or employees.

The CONTRACTOR assumes all liability due to its fault or negligence, in connection with this Contract, including theft and disappearance, or any damage or injury to goods, wares or merchandise or property of any kind of PAGCOR.

ARTICLE XII **CONFIDENTIALITY/NON-DISCLOSURE**

All Information disclosed to the CONTRACTOR arising out of or as a result of this Contract shall be confidential in nature. The CONTRACTOR shall be solidarily liable to PAGCOR for unauthorized disclosures made by its artist(s)/ entertainer(s)/ performer(s), officers, employees, agents and other persons acting on the CONTRACTOR's behalf.

The obligations stated in this Confidentiality Clause shall also apply to confidential information negligently, unintentionally or inadvertently disclosed by **PAGCOR** (its officers, employees, agents, and any other persons acting on its behalf) and to disclosures made by a **PAGCOR** officer, employee, agent, and other persons ordinarily acting on its behalf, in breach of his/her obligation or duty to **PAGCOR**.

ARTICLE XIII **MISCELLANEOUS PROVISIONS**

In the event that facts and circumstances arise or are discovered which render this Contract disadvantageous to the Government, the parties hereto agree immediately to re-negotiate its terms and conditions, or at the option of **PAGCOR**, terminate the same.

No terms or conditions of this Contract shall be waived and no breach or default excused unless such waiver or excuse shall be in writing and signed by the party affected.

The **CONTRACTOR** shall pay its taxes in full and on time. The **CONTRACTOR** shall also present a tax clearance from the Bureau of Internal Revenue (BIR) and a copy of its income and business tax returns, duly stamped, received and validated by the BIR, indicating the tax payments made thereon. Its failure to do so shall entitle **PAGCOR** to suspend payment for services rendered by the **CONTRACTOR**.

This Contract and the interests therein, may not be assigned or sub-contracted to another without prior consent of the other party.

Any and all notices to be given pursuant to, or under this Contract, shall be sent to the party to whom the notice is addressed at the address of the party indicated in this Contract.

If any provision hereof is prohibited or made unenforceable under any applicable law or by a competent court or authority, the same shall not affect any other provision of this Contract, which are otherwise valid and enforceable.

The relationship between the parties shall be limited to the performance of the terms and conditions of the Contract. Nothing in this Contract shall be construed to create a general partnership between the parties, or to authorize any party to bind the other except as set forth in this Contract, or to borrow money on behalf of another party, or to use the credit of any party for any purpose other than what has been set forth herein.

Any right or remedy conferred by this Contract upon the parties shall not be exclusive of any other right or remedy of each party, whether under this Contract or provided or permitted at law or in equity, but each right or remedy shall be cumulative of every other right or remedy available to it.

This Contract constitutes the entire agreement between the parties pertaining to the subject matter contained in it, and supersedes all prior and contemporaneous agreements, representations, warranties and understandings of the parties. No supplement, variation or amendment of this Contract shall be binding unless executed

See

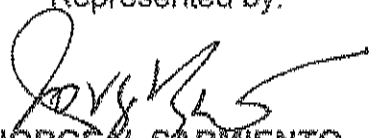

This Contract may be executed in any number of counterparts, each of which when so executed and delivered shall be considered as an original and all together shall constitute one Contract.

IN WITNESS WHEREOF, the parties hereto have signed these presents on this _____ day of _____, 2015 at the City of Manila, Philippines.

**PHILIPPINE AMUSEMENT AND
GAMING CORPORATION**
TIN: 033-000-887-972

BACKROOM, INC.
TIN: 000-089-528-000

Represented by:



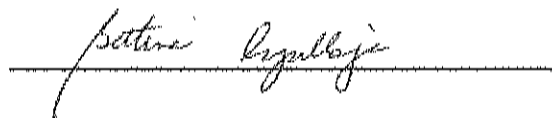
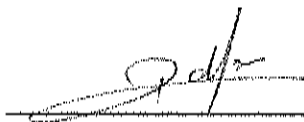
JORGE V. SARMIENTO
President and Chief Operating Officer
TIN No. 122-841-833

Represented by:



ROWENA S. SALIDO
President
TIN No. 138-822-403

Signed in the presence of:



ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public for and in the City of MANILA, on this _____ day of _____, 2015, personally appeared:

DEC 29 2015

NAME

GOVERNMENT ID NO.

JORGE V. SARMIENTO

PASSPORT NO. EB1763201

Issue Date: January 20, 2011


Place of Issue: DFA-Manila


Validity Period: January 19, 2016

known to me to be the same persons who executed the foregoing Service Contract consisting of twelve (12) pages including this page, and who acknowledged to me that the same is his own free and voluntary act and deed as well as the free and voluntary act and deed of the entity he represents, he being duly authorized for this purpose.

WITNESS MY HAND AND NOTARIAL SEAL, on the date and place first above written.

Doc. No.: 284
Page No.: 58
Book No.: I
Series of 2015

Doc
for



PETER LLOYD D. CARPIO
NOTARY PUBLIC
IN AND FOR THE CITY OF MANILA
6th FLR, NEW WORLD MANILA BAY HOTEL & CASINO
R.M. DEL PILAR ST., MALATE, MANILA
COMB. NO. 3815 - 18, UNTIL DEC. 31, 2016
ROLL NO. 53025, IDP LIFETIME NO. 012856
QUEZON CITY CHAPTER
PTR NO. 38246751-5-13/MANILA

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public for and in the City of CITY OF MANILA, on this 22 DEC 2015 day of _____, 2015, personally appeared:

NAME

GOVERNMENT ID NO.

ROWENA S. SALIDO

PASSPORT NO. EB1257773 

Issue Date: September 4, 2012

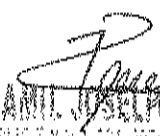
Place of Issue: DFA-Manila

Validity Period: September 3, 2017

known to me to be the same persons who executed the foregoing Service Contract consisting of twelve (12) pages including this page, and who acknowledged to me that the same is his own free and voluntary act and deed as well as the free and voluntary act and deed of the entity he represents, he being duly authorized for this purpose.

WITNESS MY HAND AND NOTARIAL SEAL, on the date and place first above written.

Doc. No.: 3783
Page No.: 471
Book No.: XV
Series of 2015


ATTY. RAMIL JOSEILTON TAMAYO
NOTARY PUBLIC IN THE PHILIPPINES, REG. NO. 49687
PTR No. 383761 (EEO 1-2-15) - NCR (EEO 1-2-14) (expired July 11, 2014)
IDP LIFE No. 012235, Commission No. 2014-075 (EEO 12-31-15) MANILA
Office Address: National Press Club Bldg., Magdalenita Rd., Intramuros, Manila



