COVER SHEET

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SEC Registration Number

LEISURE & RESORTS WORLD CORPORATION & SUBSDIARIES

(Company's Full Name)

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

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

Mr. Geoffrey L. Uymatiao

(Contact Person)

687-0370

(Company Telephone Number)

1 2 *Month* **3 1** *Day* (Fiscal Year)

17-Q (Form Type)

Month *Day* (Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended June 30, 2011

2. Commission identification number 13174 3. BIR tax identification number 321-000-108-278

   LEISURE & RESORTS WORLD CORPORATION
4. Exact name of issuer as specified in its charter

   MAKATI CITY, METRO MANILA, PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: ________ (SEC use only)

   26 Flr, WEST TOWER, PSE CENTER, EXCHANGE ROAD, ORTIGAS CENTER, PASIG CITY
7. Address of registrant's principal office

   (02) 687-03-70; 637-5292-93
8. Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common	849,877,094

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [/] No [ ]

12. Indicate by check mark whether the registrant:

    a.) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

    Yes [/] No [ ]

    b.) has been subject to such filing requirements for the past ninety (90) days.
    Yes [/] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

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

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

LRWC Operations

LRWC (Company) is functioning basically as a holding company with minimal operations. The company is focusing its endeavor in supporting the productivity programs of its wholly owned operating subsidiaries, AB Leisure Exponent, Inc. (ABLE), LR Land Developers, Inc. (LRLDI), AB Leisure Global, Inc. (ABLGI), its 69.68% owned subsidiary, First Cagayan Leisure and Resort Corporation (FCLRC) and its newly acquired 70% owned subsidiary, Blue Chip Gaming and Leisure Corporation (BCGLC).

Based on PFRS 3, Business Combination, LRWC has not amortized the goodwill on its investments in its subsidiaries. Instead, PFRS 3 requires for an annual test for goodwill impairment. On the basis of the test for impairment of goodwill, there is no need to provide for allowance for impairment for the second quarter of 2011.

LRWC's total operating expenses amounted to ₱5.5 million and ₱2.0 million during the second quarter of 2011 and 2010, respectively while posting a year-to-date operating expenses of ₱12.9 million as of June 30, 2010 as compared to ₱4.4 million for the same period last year. The increases of ₱3.5 million during the second quarter of 2011 and ₱8.5 million as of June 30, 2011 are mainly attributable to the hiring of several management consultants, leasing of additional office space and cost of training given to key management personnel. Due to the rapid expansion of the Group's operations, management has determined the need to provide for effective tools for a more efficient and competent organization.

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

On May 24, 2011, the Board of Directors (BOD) of LRWC approved a resolution for the adoption of a Management Incentive Stock Option Plan to be administered and implemented by a Committee composed of five members, two of whom must be independent directors, and allocating five percent (5%) of the authorized capital stock for the stock option plan which will be made available to the members of the Board of Directors, except independent directors, executive officers occupying the positions of President, Vice-President and Assistant Vice-President of the Corporation and its subsidiaries. The purchase price for the shares under the stock option plan shall be the 45 trading day moving average of the market price or such lower price as may be allowed by the Securities Regulation Code and the Philippine Stock Exchange minus any discount that may be approved by the Committee which shall not exceed twenty percent (20%) of the purchase price.

On the same date, the BOD approved a resolution authorizing the acquisition of Twenty Six Thousand Two Hundred Fifty (26,250) shares of Blue Chip Gaming and Leisure Corporation (BCGLC) representing seventy percent (70%) of its outstanding capital stock. The corporation operates a Slot Arcade at the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga under a license issued by the Philippine Amusement and Gaming Corporation (PAGCOR). Thus, LRWC's consolidated financial statements include BCGLC's results of operations starting May 2011.

Likewise, the BOD also approved a resolution authorizing the increase of the authorized capital stock of its wholly owned subsidiary, AB Leisure Global, Inc (ABLGI) to Four Hundred Million Pesos (P400,000,000.00) divided into Four Million Shares and authorizing the additional subscription of LRWC to Nine Hundred Eighty Seven Thousand Five Hundred (987,500) shares worth Ninety Eight Million Seven Hundred Fifty Thousand Pesos (P98,750,000.00) in the increased authorized capital stock of ABLG).

During the annual stockholder's meeting held last July 29,2011, the Management Stock Option Plan, acquisition of BCGLC and increase of authorized capital stock of ABLGI were approved and ratified by the majority of stockholders present in person or by proxy.

Similarly, the issuance of One Hundred Fifty Million Shares (150,000,000) from the unissued capital stock of the Corporation to the following: (1) Grandshares, Inc. at 100,000,000 shares, (2) Pacific Online System Corporation at 25,000,000 shares and (3) Vantage Equities, Inc. at 25,000,000 was also approved as well as the waiver of the requirement for the Corporation to conduct a rights or public offering of the subscribed shares for related party transactions as the private placement of the subscribers to the One Hundred Fifty Million Shares (150,000,000).

Likewise, the resolution authorizing the Corporation to act as surety of its wholly owned subsidiary, ABLGI, for an Omnibus Loan and Security Agreement (OLSA) to be executed among AB Leisure Global, Inc., as borrower and Banco De Oro Unibank, Inc. as Lender, and Banco De Oro Unibank, Inc.-Trust and Investments Group as Collateral Trustee, to obtain a loan in the aggregate amount of up to Two Billion Pesos and the delegation of authority to the Board of Directors to approve the terms and conditions of Omnibus Loan and Security Agreement were approved by the majority of stockholders present in person or by proxy during the annual stockholders meeting, as well as the authorization of the President to negotiate the terms and conditions of the OLSA subject to the approval by the Board, and to sign, execute, and deliver the OLSA, the Notes, and such other document or agreement contemplated under the OLSA.

Lastly, the BOD approved the declaration of cash dividend, also during the annual stockholders meeting, equivalent to P 0.03 per share payable to all common stockholders of record as of September 28, 2011 to be paid on October 21, 2011, another cash dividend of P 0.025 per share payable to all common stockholders of record as of January 30, 2012 to be paid on February 22, 2012 and another cash dividend of P 0.02 per share payable to all common stockholders of record as of February 29, 2012 to be paid on March 23, 2012.

ABLE Operations
Second Quarter 2011 vs. Second Quarter 2010

Revenues

ABLE generated total sales of ₱889.5 million for the second quarter of 2011, a ₱17.0 million or 1.9% decline from last year's second quarter sales of ₱906.5 million. The decrease is attributable to the decrease in sales of the following: Traditional Bingo by ₱55.8 million or 9.9%; Rapid Bingo by ₱4.6 million or 3.9%; Pull Tabs by ₱1.8 million or 36.0% and Instant Charity Bingo by ₱2.2 million or 48.6%. However, there was an increase in the sales of Electronic Bingo (EBingo) by ₱47.5 million or 22.0%, which was not adequate to compensate the decrease in overall sales.

The traditional bingo continues to be ABLE's principal product-line with a sales contribution of 57.0% to total sales in the second quarter of 2011. Sales for the second quarter of 2011 were ₱506.7 million, a decline of ₱55.8 million or 9.9% from ₱562.5 million during the same period in 2010.

E-bingo total sales for the second quarter of 2011 amounted to ₱ 263.5 million, an increase of ₱47.5 million or 22.0% from ₱216.0 million sales during the same period in 2010. Higher sales were generated because of the increase in the number of E-bingo machines. As of June 30, 2011, there were a total of 2,313 E-bingo machines in 43 bingo parlors as compared to 1,838 E-bingo machines in 36 bingo parlors in the second quarter of 2010.

During the second quarter of 2011, sales from Rapid bingo contributed ₱113.8 million or 12.8% to total sales as compared to ₱118.5 million or 13.1% contribution to total sales for the same period last year. There was a decrease in sales amounting to ₱4.6 miillion or 3.9% from the second quarter of 2010. By the end of June 30, 2011, there were a total of 81 Rapid bingo terminals in 67 bingo parlors as compared to 75 Rapid bingo terminals in 60 bingo parlors for the second quarter of last year.

During the second quarter of 2011, Pull Tabs contributed ₱3.2 million as compared to ₱ 5.0 million for the same period last year.

Sales from the ICBG2 scratch cards contributed ₱2.4 million to total sales during the second quarter of 2011 as compared to ₱4.6 million for the same period last year.

Overall, the following factors are the main reason for the decline in sales: (1) reduction of foot traffic, (2) reduction in the players' average spending and (3) bad weather.

Expenses

ABLE's consolidated costs and operating expenses for the second quarter of 2011 of ₱579.2 million decreased by ₱3.6 million or 0.6% from ₱582.8 million in 2010. The decrease is mainly attributable to the following: (1) Cards & Supplies of ₱0.7 million or 5.9% due to the decrease in sales of Traditional Bingo and (2) "Others-Net" of ₱5.7 million or 33.9% due to management's continuous implementation of ABLE's cost reduction program. On the other hand, these decreases were partially offset by the following increases mainly due to the opening of several bingo parlors: (1) Salaries & Wages of ₱2.6 million or 8.2%; (2) Employee's Benefit ₱6.3 million or 43.4%; (3) Contracted Services of ₱3.4 million or 15.3%; (4) Depreciation of ₱2.2 million or 19.2% and (5) Taxes and Licenses ₱1.4 million or 30.8%. Interest and other bank charges for the quarter amounted to ₱ 1.1 million for a ₱4.6 million or 81.1% decrease from last year's ₱5.7 million mainly due to the ₱4.4 million gain on sale of 2,050,000 LRWC shares held as temporary investments.

Net Income

ABLE posted a consolidated net income (net of minority share) of ₱26.2 million for the second quarter of 2011, a ₱22.1 million or 45.8% decrease from the ₱48.9 million net income for the same period in 2010. The decrease in net income is due mainly to the decrease in revenues slightly offset by the decrease in costs and operating expenses.

FCLRC Operations
Second Quarter 2010 vs. Second Quarter of 2009

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

FCLRC generated ₱84.3 million gross revenues for the second quarter of 2011, representing a ₱7.7 million or 9.9% increase from last year's second quarter revenues of ₱77.6 million. The improvement in revenues is mainly due to the increase in the number of operational locators – 44 for this year as against 42 last year. Hosting fees from restrictive and interactive gaming locators contributed ₱61.0 million or 72.3% of total revenues, while license application and renewal fees accounted for ₱23.4 million or 27.7%. Hosting fees of ₱ 57.6 million during the second quarter of 2010 increased by ₱3.4 million or 5.9%, while license application fees increased by ₱3.3 million or 16.4% from ₱ 20.1 million during the same period.

FCLRC posted a net income of ₱ 38.8 million for the second quarter of 2011, a ₱17.7 million or 84.4% increase versus last year's ₱21.0 million. Total cost and operating expenses of ₱ 22.8 million decreased by ₱ 4.1 million or 15.2% from last year's figure of ₱ 26.9 million. The decrease in cost and expenses is primarily due to the company's cost saving measures and overall financial prudence or as stated in the following: (1) People's Expense of ₱ 1.5 million or 14.0% (2) Professional Fees of ₱ 0.1 million or 12.0%; (3) Taxes and Licenses of ₱0.006 million or 24.5% ; (4) Representation of ₱ 1.0 million or 74.3% and (5)Transportation of ₱ 4.6 million or 83.3%. These decreases were partly offset by the following increases: (1) Supplies of ₱0.01 million or 24.5% attributable to the increase in consumption; (2) Marketing of ₱ 0.4 million or 88.4% due to the enhanced marketing programs to attract more locators and (3) Depreciation of ₱ 1.9 million or 57.1% owing to the acquisition of transportation equipment. The resulting net income in the "Other Income/(Expense) account" of ₱ 9.4 million or an increase of ₱ 8.7 million or 1380% from last year's resulting net income of ₱ 0.6 million was mainly due to the growth in the other income derived from the rental of gaming facility coupled with an increase in the equity in net earnings of First

Cagayan Converge Data Center, Inc. (FCCDC) as well as a decrease in the interest expense arising from partial payment of financial obligation to CEZA.

LRLDI Operations
Second Quarter 2011 vs. Second Quarter of 2010

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

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

During the second quarter of 2011, LRLDI posted a net income of ₱0.9 million. Total rental income amounted to ₱4.3 million while total operating expenses amounted to ₱ 3.7 million for the second quarter of 2011. To facilitate the Company's commitment to the further development of CSEZFP, the management decided to improve its operations to provide a more efficient service. Accordingly, the total operating expenses increased by ₱3.5 million, from ₱ 0.2 million as of the second quarter of 2010, as follows: (1) Salaries of ₱0.3 million; (2) Employees Benefit of ₱0.1 million; (3) Depreciation of ₱3.1 million due to the accelerated amortization of completed projects and (4) "Others" of ₱0.01 million partly offset by a decrease in Contracted Services of ₱0.02 million.

ABLGI Operations
Second Quarter 2011 vs. Second Quarter of 2010

ABLGI has been engaged by Belle Corporation, through its subsidiary, Premium Leisure and Amusement, Inc. (PLAI), to act as operator and manager of its casino under the license issued by PAGCOR. As operator and manager of the casino, ABLGI, shall exercise supervision, direction and responsibility for the operation of the casino operations in behalf of PLAI pursuant tot the Provisional License issued by PAGCOR.

As of June 30, 2011, ABLGI has not started commercial operations. The Company, however, has incurred operating expenses amounting to ₱46.2 million in the second quarter of 2011. These expenses are mainly attributable to the rental of land in which construction of the building is on-going, as well as a one-time charge in engaging a third party consultant in connection with the capital build-up program and also expenses relative to the study of casinos and other related gaming facilities within and outside the country.

In the second quarter of 2010, there were no operating expenses.

BCGLC Operations

BCGLC generated gross revenues from slot machines totaling ₱6.3 million during the months of May and June of the current year. Total operating expenses for the said months amounted to ₱ 5.3 million. It contributed ₱0.3 million to the total net income of the Group.

LRWC Consolidated Net Income

As a result of the foregoing developments, LRWC posted a consolidated net loss (net of minority share) of ₱3.8 million for the second quarter of 2011, a ₱64.5 million or 106.2% decrease from the ₱60.7 million consolidated net income of the same period last year. The decrease is mainly due to the pre-operating expenses incurred by ABLGI.

ABLE Operations
YTD - June 30, 2011 vs. June 30, 2010

Revenues

ABLE's total year-to-date sales for the first six months of 2011 amounted to ₱1,768.1 million, a decrease of ₱42.0 million or 2.3% from the ₱1,810.2 million total sales for the same period last year. The decrease in sales was mainly due to the decrease in sales generated from the following: (1) Traditional Bingo of ₱93.8 million or 8.4%; (2) Rapid Bingo of ₱17.6 million or 7.3%; (3) Pull Tabs of ₱3.0 million or 28.3% and (4) Instant Charity Bingo of ₱4.2 million. On the other hand, there was an increase in Electronic Bingo of ₱76.6 million or 17.9%, which did not outweigh the overall decrease in sales.

The traditional bingo games remain the company's principal product-line with a June 2011 year-to-date sales of ₱1,024.9 million or 58.0% contribution to total sales.

The sales of E-bingo operations for the first six months of 2011 at ₱505.3 million or 28.6% contribution to sales continue to grow from the time it was first launched in mid of 2002 with twenty (20) machines. ABLE continues to install machines in its bingo parlors. By the end of June 30, 2011, there were a total of 2,313 E-bingo machines in 43 bingo parlors, as compared to 1,838 E-bingo machines in 36 bingo parlors as of June 30,2010.

Rapid Bingo sales as of June 30, 2011 contributed ₱224.7 million or 12.7% to total sales. By end of June 2011, a total of 81 Rapid Bingo terminals in 67 bingo parlors were installed, as compared to 75 Rapid Bingo terminals in 60 bingo parlors during the second quarter of 2010.

As of the second quarter ending June 30, 2011, Pull Tabs contributed ₱7.6 million as compared to ₱ 10.6 million for the same period last year.

Sales from the ICBG2 scratch cards contributed ₱5.6 million to total sales as of the second quarter of 2011 as compared to ₱9.8 million for the same period last year.

Overall, the following factors are the main reason for the decline in sales: (1) reduction of foot traffic, (2) reduction in the players' average spending and (3) bad weather.

Expenses

ABLE's total operating expenses for the six months ended June 30, 2011, amounted to ₱1,165.2 million, for a ₱12.0 million or 1.0% decrease from ₱ 1,177.3 million for the same period in 2010. The decrease in expenses can be mainly attributed to "Others-net" expenses ₱8.8 or 30.4% owing to management's continuous implementation of ABLE's cost reduction program. Nevertheless, there were increases in the operating expenses mainly attributable to the opening of several bingo parlors as follows: (1) Rental of ₱5.7 million or 6.0%; (2) Salaries and Wages of ₱4.8 million or 7.3%; (3) Employees Benefit of ₱10.8 million or 28.3%; (4) Contracted Services of ₱6.2 million or 14.4; (5) Depreciation of ₱3.3 million or 14.5% and (6) Taxes and licenses of ₱1.5 million or 14.7%. The resulting increase in the "Other Income/(Expense)" of ₱6.4 million or 57.6% is mainly due to the gain on sale of 2,050,000 LRWC shares held as temporary investments.

Net Income

As of June 30, 2011, ABLE posted a net income (net of minority share) of ₱45.1 million, a ₱25.8 million or 36.4% decrease from the ₱70.9 million net income for the same period last year. The decline is mainly due to decrease in revenues partially offset by a decrease in costs and operating expenses.

FCLRC Operations
YTD - June 30, 2011 vs. June 30, 2010

FCLRC's gross revenues for the first six months of 2011 were ₱154.0 million, a decrease of ₱9.2 million or 5.6% from last year's figures of ₱163.1 million. The decline in revenues is mainly due to the decrease in the revenues of locators.

FCLRC posted a net income of ₱ 68.2 million for the second quarter of 2011, a ₱18.3 million or 36.5% increase versus last year's ₱49.9 million. Total cost and operating expenses of ₱ 41.0 million decreased by ₱ 10.8 million or 20.9% from last year's figure of ₱ 51.8 million. The Company's cost saving measures and overall financial prudence contributed mainly to the decrease of the following: (1) Administrative salaries and benefits of ₱ 4.3 million or 22.6%; (2) Rental of ₱0.5 million or 6.8%; (3) Professional Fees ₱0.4 million or 7.3%; (4) Communication and Utilities ₱ 0.3 million or 5.9% and (5) "Others" Expenses of ₱ 7.8 million or 79.1% partially offset by an increase in Depreciation of ₱ 2.3 million or 35.4% mainly due to the acquisition of transportation equipment. The resulting increase in the net income in the "Other Income/(Expense) account" of ₱ 10.2 million or 166.1% was mainly due to the increase of other income from the rental of gaming facility as well as a decrease in interest expense due to the partial settlement of financial obligation to CEZA.

LRLDI Operations
YTD – June 30, 2011 vs. June 30, 2010

LRLDI's total revenues as of June 30, 2011 amounted to ₱8.6 million. Total operating expenses amounted to ₱ 4.1 million and ₱0.6 million as of the second quarter of 2011 and 2010, respectively. To facilitate the Company's commitment to the further development of CSEZFP, the management decided to improve its operations to provide a more efficient service. Accordingly, the total operating expenses increased by ₱3.5 million as follows: (1) Salaries of ₱0.3 million; (2) Employees Benefit of ₱0.2 million; (3) Depreciation of ₱3.1 million due to the accelerated amortization of completed projects and (4) Taxes and Licenses of ₱0.02 partially offset by a decrease in "Others" expense of ₱0.06 million. The Company posted a net income of ₱3.7 million as of the first six months of 2011.

ABLGI Operations
YTD – June 30, 2011 vs. June 30 2010

As of June 30, 2011, ABLGI has not started commercial operations. The Company, however, has incurred operating expenses amounting to ₱46.4 million as of the second quarter of 2011. These expenses are mainly attributable to the rental of land in which construction of the building is on-going, as well as a one-time charge in engaging a third party consultant in connection with the capital build-up program and also expenses relative to the study of casinos and other related gaming facilities within and outside the country.

As of June 30, 2010, ABLGI has not incurred any operating expenses.

BCGLC Operations

BCGLC generated gross revenues from slot machines totaling ₱6.3 million during the months of May and June of the current year. Total operating expenses for the said months amounted to ₱ 5.3 million. It contributed ₱0.3 million to the total net income of the Group.

LRWC Consolidated Net Income

LRWC posted a consolidated net income (net of minority share) of ₱30.6 million, a ₱70.2 million or 69.7% decline from the ₱100.7 million consolidated net income for the same period last year. This is mainly due to the pre-operating expenses of ABLGI.

Financial Condition – June 30, 2011 vs. December 31, 2010

On a consolidated basis, the Balance Sheet of Leisure & Resorts World Corporation (LRWC) and its subsidiaries, ABLE, FCLRC, LRLDI, BCGLC and ABLGI, continue to grow. Total assets as of June 30, 2011 amounted to ₱3,562.7 million increased by ₱1,133.1 million or 46.6% from ₱2,429.6 million as of December 31, 2010. Increases in assets are attributable to the following: (1) Cash of ₱926.7 million due to deposit for future subscription for LRWC shares of stock from private placements; (2) Bingo Cards, supplies and other inventories of ₱3.7 million due to ABLE's increase in level of inventory to support their new gaming dynamics; (3) Prepaid Expenses and Other Current Assets of ₱ 23.3 million due to ABLGI's value added tax credit as well as FCLRC's prepayment of expenses during the first few months of the year which will be properly amortized in the future short term periods and (4) Property and Equipment of ₱43.7 million mainly due to ABLGI's on-going building construction (5)Investment and Advances of ₱23.4 million mainly due to on-going projects which will benefit the Group in the future and (6) Other Assets of ₱44.5 million due to LRLDI's increase in investments with CPVDC and CLPDC.

Total Liabilities decreased due to the following: (1) Income Tax Payable ₱1.2 million due to the difference in the related accrual period; (2) Finance Lease Payable (net of current and long term of ₱3.6 million and (3) Loans Payable (net of current and long term) of ₱31.9 million mainly due to ABLE's substantial loan principal payments and (4) Rent Deposit of ₱0.8 million mainly due to LRLDI's application of deposit to its respective receivable. These decreases were partly offset by the increase in Retirement Liability of ₱2.7 million due to ABLE's usual accrual of expenses.

Cash Flows – Six Months Ended June 30, 2011 vs. June 30, 2010

Cash balance as of June 30, 2011 of ₱1,028.2 million increased by ₱ 947.0 million or 1165.8% from ₱81.2 million for the same period last year; the increase is mainly due to cash from financing activities arising from LRWCs deposit for future subscription of shares of stock from private placements.

Key Performance Indicators

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

	As Of	
	June 30, 2011	December 31, 2010
Liquidity		
Current Ratio	241%	96%
Leverage Ratio		
Debt to Equity	26%	44%

	For the Three Months Ended	
	June 30, 2011	June 30, 2010
Profitability Ratio		
Rate of Payout to Net Revenues	56.2%	57.6%
Return on Average Equity	1.4%	6.3%
Return on Average Assets	1.0%	4.4%

The manner by which the Company calculates the above indicators is as follows:

Key Performance Indicator	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liability}}{\text{Stockholders' Equity}}$
Payout Turn-over	$\frac{\text{Payout}}{\text{Net Revenues}}$
Return on Average Equity	$\frac{\text{Net Income}}{\text{Average Equity}}$

Return on Average Assets	Net Income / Average Total Assets

Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

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

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 Company's risk management policies. The committee identifies all issues affecting the operations of the Company and reports regularly to the BOD on its activities.

The Group's risk management policies are established to identify and analyze the risks it faces, 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 Company's activities. All risks faced by the Company 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 Company's operations and forecasted results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

Credit Risk

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

Financial information on the Group's maximum exposure to credit risk as of June 30, 2011 and December 31, 2010, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	06/30/2011	**12/31/2010**
Cash in bank	₽ 1,028,227,559	₽ 101,562,325
Receivables - Net *	479,131,790	479,866,818
Due from related parties – Net*	11,519,328	11,828,460
Other assets – Net*	640,143,884	595,608,655
	₽ 2,159,022,561	₽ 1,188,866,258

**See accompanying schedules for details*

Cash in Bank
The management evaluates the financial condition of the banking industry and deposits cash with reputable banks only.

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

The Executive Committee 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 and advances. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

As of 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. Significant portion of advances to RHLRC was collected in 2010 and subsequent collection was also made on the advances in 2011, while its advances to Beau Geste were collected on March 4, 2010. No additional impairment loss was recognized in 2010 and 2009.

Venue 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 venue rental deposits upon termination of the lease agreements.

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

Advances to Non-related Parties
The Group exposure to credit risk in advances to non-related parties is through financing the operations of non-related parties that have viable operations and likewise engaged in gaming amusement activities on which the Group intends to have future economic benefits from its advances to non-related parties through future acquisition and investment of these non-related parties.

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.

<u>Liquidity Risk</u>

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

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

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

Market Risk

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

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

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

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

Interest Rate Risk

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

Foreign Currency Risk

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

Fair Values

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

Cash
The carrying amount approximates its fair value since it can be readily withdrawn and used for operations.

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

Receivables/Due from Related Parties/Advances to Related and Non-related Parties /Venue Rental Deposits/Cash and Performance Bonds /Trade and Other Payables/Due to Related Parties/Rent Deposit

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

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

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

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 and retained earnings. There were no changes in the Group's approach to capital management as of the second quarter of 2011. The Group is not subject to externally imposed capital requirements.

Discussion and Analysis of Material Events and Uncertainties Known to Management

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

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

Plans for 2011

ABLE plans to expand by applying for permits to open new bingo parlors in high traffic areas, specifically in new SM and Robinson's Malls/Supercenters and several other bingo parlors with a smaller area in Metro Manila.

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

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

BCGLC intends to intensify their marketing campaign to increase foot traffic in the casino as well as extend their operating hours.

ABLGI plans to execute the necessary build-ups leading to the anticipated soft opening of the casino by the second quarter of 2012.

PART II – OTHER INFORMATION

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

SIGNATURES

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

Registrant: **LEISURE & RESORTS WORLD CORPORATION**

Signature and Title: REYNALDO P. BANTUG, President/Director

Date: 08/12/11

Signature and Title: GEOFFREY L. UYMATIAO, Treasurer/Director

Date: 08/12/11

Signature and Title: MILAGROS P. MIRANDA, Finance Manager

Date: 08/12/11

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

		30-Jun-11 (Unaudited)	31-Dec-10 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	Schedule 1	1,028,227,559	101,562,325
Receivables - net	Schedule 2	479,131,790	479,866,818
Bingo cards, supplies and other inventories		20,638,524	16,928,727
Prepaid expenses and other current assets	Schedule 3	35,158,587	11,767,350
Due from related parties	Schedule 2	11,519,328	11,828,460
Total Current Assets		**1,574,675,788**	**621,953,680**
Property and equipment - net	Schedule 4	435,872,731	342,194,853
Investment property	Schedule 5	131,523,130	122,578,249
Investments and advances - net	Schedule 6	239,647,562	216,264,847
Goodwill - net		540,789,573	530,988,731
Other assets - net	Schedule 7	640,143,884	595,608,655
Total Noncurrent Assets		**1,987,976,881**	**1,807,635,335**
TOTAL ASSETS		**3,562,652,669**	**2,429,589,015**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	Schedule 8	531,090,638	503,171,422
Short-term loans payable	Schedule 10	86,067,310	84,146,970
Current portion of long-term loans payable	Schedule 10	23,147,387	43,391,995
Current portion of obligations under finance lease		2,125,045	5,297,863
Income tax payable		1,623,604	2,839,737
Due to related party	Schedule 9	9,070,691	9,070,691
Total Current Liabilities		**653,124,676**	**647,918,678**
Noncurrent Liabilities			
Long-term loans payable - net of current portion	Schedule 10	43,079,936	54,758,005
Retirement benefits liability		34,562,288	31,862,288
Rent deposit		2,111,800	2,932,800
Obligations under finance lease - net of current portion		1,429,415	1,856,322
Total Noncurrent Liabilities		**81,183,438**	**91,409,415**
Stockholders' Equity			
Common Stock - P 1 par value			
Authorized - 1,600,000,000 shares			
Issued - 849,877,094 shares		849,877,094	849,877,094
Additional paid-in capital		133,329,312	128,881,859
Deposit for future subscription		1,077,500,000	-
Retained earnings		656,412,467	625,861,621
Treasury shares		(12,995,694)	(20,785,694)
		2,704,123,179	**1,583,834,880**
Non-controlling Interest		**124,221,376**	**106,426,042**
TOTAL STOCKHOLDERS' EQUITY		**2,828,344,555**	**1,690,260,922**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**3,562,652,669**	**2,429,589,015**

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

	For the Six Months Ended June 30		For the Three Months Ended June 30	
	2011	**2010**	**2011**	**2010**
REVENUES				
Traditional bingo	**1,024,918,309**	1,118,680,645	**506,655,070**	562,498,196
Electronic bingo - net	**505,326,493**	428,773,675	**263,457,165**	215,978,106
Rapid bingo - net	**224,704,248**	242,303,076	**113,802,606**	118,451,599
Service and hosting fees	**153,983,746**	163,134,509	**84,304,115**	77,648,035
Pull tabs	**7,602,220**	10,596,360	**3,210,040**	5,013,500
Instant charity bingo	**5,594,720**	9,833,640	**2,350,400**	4,570,140
Slot machines	**6,250,066**	-	**6,250,066**	-
Rental income	**8,618,089**	-	**4,309,045**	-
	1,936,997,890	1,973,321,905	**984,338,506**	984,159,577
FRANCHISE FEES AND TAXES	**611,999,806**	614,247,522	**313,969,418**	297,823,476
NET REVENUES	**1,324,998,084**	1,359,074,383	**670,369,088**	686,336,101
COSTS AND OPERATING EXPENSES				
Payout	**744,131,179**	782,301,694	**369,567,438**	385,159,004
Rentals	**115,360,908**	101,381,579	**61,920,462**	51,007,199
Salaries and wages	**88,256,648**	86,069,986	**46,344,132**	43,956,934
Communication and utilities	**79,155,971**	74,823,199	**40,090,301**	38,611,345
Employee benefits	**51,970,323**	38,639,201	**22,968,312**	14,926,921
Contracted services	**86,571,370**	49,477,140	**58,114,440**	23,776,342
Depreciation and amortization	**38,550,312**	29,058,208	**21,377,501**	14,519,067
Bingo cards and supplies	**21,404,034**	22,047,910	**11,357,968**	12,072,918
Taxes and licenses	**12,594,888**	10,860,322	**6,241,373**	4,700,976
Others	**36,968,518**	39,436,736	**23,599,896**	23,234,931
	1,274,964,151	1,234,095,973	**661,581,822**	611,965,637
OPERATING INCOME	**50,033,934**	124,978,410	**8,787,266**	74,370,463
OTHER INCOME (EXPENSE)				
Equity in net earnings of a joint venture	**10,399,603**	11,449,363	**6,016,977**	5,213,391
Foreign exchange loss	**(37,552)**	-	**(37,552)**	-
Interest - net	**(6,191,430)**	(16,457,950)	**(4,886,342)**	(10,308,970)
	4,170,620	(5,008,588)	**1,093,082**	(5,095,579)
INCOME BEFORE INCOME TAX	**54,204,554**	119,969,822	**9,880,347**	69,274,884
INCOME TAX EXPENSE	**2,783,013**	3,183,263	**1,688,120**	1,577,399
NET INCOME/TOTAL COMPREHENSIVE INCOME	**51,421,540**	116,786,559	**8,192,227**	67,697,485
Attributable to:				
Owners of the Parent Company	**30,550,846**	100,744,039	**(3,762,626)**	60,736,124
Non-controlling interest	**20,870,695**	16,042,520	**11,954,853**	6,961,361
	51,421,540	116,786,559	**8,192,227**	67,697,485
EARNINGS PER SHARE	**0.036**	0.119	**(0.004)**	0.071
INCOME PER SHARE IS COMPUTED AS FOLLOWS:				
a) Net Income	**30,550,846**	100,744,039	**(3,762,626)**	60,736,124
b) Weighted average number of common shares	**849,877,094**	849,877,094	**849,877,094**	849,877,094
c) Basis (a/b)	**0.036**	0.119	**(0.004)**	0.071

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

(Unaudited)

June-11

	Capital Stock	Additional Paid-in Capital	Deposit for Future Subscirption	Retained Earnings	Treasury Shares	Minority Interests	Total
Balance at beginning of the period	849,877,094	128,881,859	0	625,861,621	(20,785,694)	106,426,042	1,690,260,922
Disposal for the period					7,790,000		7,790,000
APIC - treasury shares		4,447,453					4,447,453
Deposit for future subcription			1,077,500,000				1,077,500,000
Minority interests						17,795,334	17,795,334
Net income for the period				30,550,846			30,550,846
Balance at end of the period	849,877,094	133,329,312	1,077,500,000	656,412,467	(12,995,694)	124,221,376	2,828,344,555
							-

June-10

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Minority Interests	Total
Balance at beginning of the period	849,877,094	114,790,986	488,815,290	(19,780,317)	86,855,225	1,520,558,278
Disposal for the period				(1,005,377)		(1,005,377)
APIC - treasury shares		14,090,873				14,090,873
Deposit for future subcription						0
Minority interests					16,042,521	16,042,521
Net income for the period			100,744,039			100,744,039
Balance at end of the period	849,877,094	128,881,859	589,559,328	(20,785,694)	102,897,746	1,650,430,334
						-

(Audited)

December-10

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Minority Interests	Total
Balance at beginning of year	849,877,094	128,881,859	420,825,122	(19,780,317)	86,855,225	1,466,658,983
Acquisitions for the year				(1,005,377)		(1,005,377)
Dividends received					(16,408,400)	(16,408,400)
Net income for the period			205,036,499		35,979,217	241,015,716
Balance of end of year	849,877,094	128,881,859	625,861,621	(20,785,694)	106,426,042	1,690,260,922

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

	For the Six Months Ended	
	30-Jun-11	**30-Jun-10**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before franchise fees and taxes	**642,550,652**	714,991,561
Adjustments for:		
Depreciation	**38,550,312**	29,058,208
Equity in net income of a joint venture	**(10,399,603)**	(11,449,363)
Interest expense	**6,191,430**	16,457,950
Operating income before working capital changes	**676,892,791**	749,058,356
Decrease (increase) in:		
Receivables	**735,028**	(46,903,154)
Bingo cards	**(3,709,797)**	4,166,308
Prepaid expenses and other current assets	**(23,391,237)**	(15,232,597)
Increase (decrease) in:		
Trade and other payables	**27,919,217**	(40,848,492)
Income tax payable	**(1,216,133)**	(3,145,510)
Rent deposit	**(821,000)**	-
Retirement benefits liability	**2,700,000**	1,832,984
Cash generated from operations	**679,108,868**	648,927,896
Interest paid	**(6,191,430)**	(16,457,950)
Franchise fees and taxes paid	**(611,999,806)**	(614,247,522)
Net cash from operating activities	**60,917,632**	18,222,423
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	**(132,228,190)**	(26,510,340)
Additions to investment property	**(8,944,881)**	-
Decrease (increase) in investment and advances	**(12,983,113)**	(111,414,400)
Decrease (increase) in due from related parties	**309,132**	(1,746,686)
Decrease (increase) in other assets	**(44,535,229)**	57,754,326
Decrease (increase) in Goodwill	**(9,800,842)**	-
Net cash used in investing activities	**(208,183,123)**	(81,917,099)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment (payment) of loans payable	**(30,002,337)**	27,537,396
Availment (payment) of obligations under finance lease	**(3,599,725)**	-
Deposit for future subscription	**1,077,500,000**	(0)
Disposal (acquisitions) of treasury shares	**7,790,000**	(1,005,377)
Additional paid-in capital-treasury shares	**4,447,453**	-
Increase in non-controlling interest	**17,795,334**	16,042,521
Net cash provided (used) in financing activities	**1,073,930,725**	42,574,540
NET INCREASE (DECREASE) IN CASH	**926,665,234**	(21,120,136)
CASH AT BEGINNING OF PERIOD	**101,562,325**	102,348,403
CASH AT END OF PERIOD	**1,028,227,559**	81,228,267

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Unaudited Consolidated Financial Statements
As of June 30, 2011

Schedule 1 - Cash and Cash Equivalents

Cash on hand and in banks	1,028,227,559
	1,028,227,559

Schedule 3 - Prepaid Expenses and Other Current Assets

Prepaid expenses	24,284,026
Other current assets	10,874,561
	35,158,587

Schedule 4 - Property and Equipment

Leasehold improvements	353,989,274
Bingo equipment & paraphernalia	35,102,628
Office furnitures, fixtures and equipment	160,475,308
Condominium unit	4,791,748
Construction in progress	97,849,568
Aircraft and transportation equipment	117,123,636
Total	769,332,162
Less: Accumulated depreciation	(333,459,431)
Net	**435,872,731**

Schedule 5 - Investment Property

Building	79,769,009
Construction in progress	57,460,262
Total	137,229,271
Less: Accumulated depreciation	(5,706,141)
Net	**131,523,130**

Schedule 6 - Investment and Advances

Investment - at equity	
Acquisition costs:	
Associate:	
Binondo Leisure Resources, Inc. (BLRI) - 30%	21,200,000
	21,200,000
Joint venture:	
First Cagayan Converge (FC Converge) - 60%	
(net of subscription payable of 7,500,000)	7,500,000
	7,500,000
Accumulated equity in net income (loss) of an associate and joint venture	
Balance at beginning of year	
BLRI (Associate)	(26,303,101)
FCCDCI (Joint Venture)	68,717,696
Net equity in earnings (losses) for the quarter	
BLRI (Associate)	-
FCCDCI (Joint Venture)	10,399,603
Balance at end of the period	
BLRI (Associate)	(26,303,101)
FCCDCI (Joint Venture)	79,117,299
	52,814,198
	81,514,198
Advances	
Bindondo Leisure Resources, Inc. (BLRI)	186,459,081
Allowance for Impairment	(40,000,000)
First Cagayan Converge (FC Converge)	10,917,784
Investments - at cost	756,500
	239,647,562

Schedule 7 - Other Assets

Advances to Cagayan Premium Ventures Inc. (CPVDC)	403,840,058
Airstrip improvements - net of amortization	82,407,714
Venue rental deposits and other deposits	104,313,634
Cash and performance bonds	16,848,600
Advance regulatory fee on Instant Game	13,279,243
Advances to Cagayan Land Property Development Corporation (CLPDC)	12,512,044
Operating licenses	4,253,690
Others	2,688,901
	640,143,884

Schedule 8 - Trade and Other Payables

Payable to CEZA	197,103,753
Unearned hosting fees	80,677,466
Payable to PAGCOR	19,739,475
Venue rental payable	20,831,314
Cards and supplies	6,152,859
Capital expenditures	9,689,299
Accrued expenses and other payables (arising from normal business operations)	196,896,472
	531,090,638

Schedule 9 - Amount Due to Related Parties

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

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

Short-term Loans Payable	
PBCom	37,267,310
BDO	48,800,000
Total Short-term	**86,067,310**
Long-term Loans Payable	
Current Portion	
BDO	23,147,387
Noncurrent Portion	
BDO	43,079,936
Total Long-term	**66,227,323**

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Uanaudited Consolidated Financial Statements
Schedule 2-Receivables
As of June 30, 2011

1.) Aging of Accounts Receivables

	TOTAL	*1-3 Months*	*4-6 Months*	*7 months to 1 year*	*1 year and above*	*Past due accounts and items in litigation*
Type of Accounts Receivabe						
a.) Trade Receivables						
1.) Rent Receivable	13,694,271	11,643,615	1,815,887	234,769	-	-
2.) Receivable from Locators	205,927,038	72,697,871	33,033,589	65,500,737	34,694,842	-
3.) Others	130,485	130,485	-	-	-	-
	219,751,794	**84,471,971**	**34,849,475**	**65,735,506**	**34,694,842**	**-**
b.) Non-Trade Receivables						
1.) Advances to non-consolidated affiliates	-	-	-	-	-	-
2.) Advances to employees	72,567,168	24,598,122	5,684,890	34,954,669	7,329,488	-
3.) Others	186,812,828	43,864,270	11,742,979	18,024,638	113,180,942	-
	259,379,996	**68,462,391**	**17,427,869**	**52,979,306**	**120,510,430**	**-**
Total Receivables	**479,131,790**					
c.) Receivables from Related Parties						
1.) Vinta Gaming Corporation	3,770,060	407,053	456,089	-	2,906,918	-
2.) Insular Gaming Corporation	4,632,981	4,632,981	-	-	-	-
3.) First Cagayan Converge Data Center Inc.	2,352,119	408,910	270,000	593,209	1,080,000	-
4.) Others	764,167	238,634	429,633	95,900	-	-
	11,519,328					
Net Receivables	**490,651,118**					

2.) Accounts Receivable Description

Types of Receivable	*Nature and Description*	*Collection Period*
1.) Advances to non-consolidated affiliates	sale of bingo cards, promotional materials and other services	six (6) months to 1 year
2.) Advances to employees	company loan and other advances granted to employees	six (6) months to 1 year
3.) Advances to Related Parties - Vinta Gaming	issuance of bingo cards and advances	six (6) months to 1 year
4.) Advances to Related Parties - Insular Gaming	issuance of bingo cards and advances	six (6) months to 1 year
5.) Advances to Related Parties - FCCDCI	rental of property in Cagayan Business Park	six (6) months to 1 year
Others	various advances and receivables	one (1) year

3.) Normal Operating Cycle: 365

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011

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

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

3. Currently the operations of LRWC is very minimal and functions as a holding company. However, it's Subsidiaries, AB Leisure Exponent, Inc. (ABLE), engaged in bingo operations, and First Cagayan Leisure and Resort Corporation (FCLRC), engaged in licensing and regulation of online gaming, are operating on a daily basis including Sundays and Holidays, except on Maundy Thursday and Good Friday. Both businesses are not seasonal in nature. Another subsidiary, LR Land Developers, Inc. (LRLDI), engaged in realty estate acquisition, development and tourism, started commercial operations in 2010. AB Leisure Global Inc. (ABLGI), a new subsidiary engaged in the acquisition and development of properties including management and operations of activities conducted therein particularly on general amusement and recreations, has not started commercial operations as of this date. Blue Chip Gaming and Leisure Corporation (BCGLC), a newly acquired subsidiary on May 2011, operates a Slot Arcade at the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga under a license issued by the Philippine Amusement and Gaming Corporation (PAGCOR).

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

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

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

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

8. On July 30, 2011, the Board of Directors (BOD) approved the declarations of cash dividend equivalent to: a) P 0.03 per share payable to all common stockholders of record as of September 28, 2011 to be paid on October 21, 2011, b) P 0.025 per share payable to all common stockholders of record as of January 30, 2012 to be paid on February 22, 2012, and c) P 0.025 per share payable to all common stockholders of record as of February 29, 2012 to be paid on March 23, 2012.

9. LRWC's primary purpose is to engage in realty development focusing on leisure business. However, as mentioned in note 3, for several years it had minimal operation and functioned as a holding company. On the other hand, its four Subsidiaries, ABLE, a professional in bingo gaming in the Philippines, operates forty seven (47) bingo parlors nationwide, most of which are located in major shopping malls in Metro Manila and in key provincial cities, FCLRC, a master licensor and regulator of online gaming operating in Cagayan Economic Zone Authority (CEZA), LRLDI, owner of property being leased by locators in Cagayan Business Park and BCGLC, operator of slot arcade in Bacolor, Pampanga, under a license issued by PAGCOR.

10. There were no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the interim period.

11. Except for the acquisition of 70% of BCGLC in May 2011, there were no changes in the composition of LRWC during the interim period. Likewise, there were no business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

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

13. There was no existing material contingencies and any other events or transactions that are material to an understanding of the current interim period.

14. On March 21, 2011, the BOD authorized the issuance, through private placement, of P150 million shares from its unissued capital stock at a price of P7.50 per share. The newly issued shares were subscribed by third parties. Twenty-Five percent (25%) of the subscription amount was paid upon the execution of the Subscription Agreements on March 24, 2011, while the remaining Seventy-Five percent (75%) has already been settled to date. This issuance through private placement was approved by stockholders present in person and by proxy during the Annual Stockholders Meeting held on 29 July 2011.

15. On May 24, 2011, the Board of Directors (BOD) of Leisure & Resorts World Corporation (LRWC) approved a resolution for the adoption of a Management Incentive Stock Option Plan to be administered and implemented by a Committee composed of five members, two of whom must be independent directors, and allocating five percent (5%) of the authorized capital stock for the stock option plan which will be made available to the members of the Board of Directors, except independent directors, executive officers occupying the positions of President, Vice-President and Assistant Vice-President of the Corporation and its subsidiaries. The adoption of this Management Incentive Stock Option Plan was approved by stockholders present in person and by proxy during the Annual Stockholders Meeting held on 29 July 2011.