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(Company's Full Name)

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

<b>Mr. Geoffrey L. Uymatiao</b>
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(Contact Person)

<b>687-0370</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

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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## 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 subsidiaries as follows: (1) AB Leisure Exponent, Inc. (ABLE-100% owned); (2) LR Land Developers, Inc. (LRLDI-100% owned); (3) AB Leisure Global, Inc. (ABLGI – 100% owned); (4) First Cagayan Leisure and Resort Corporation (FCLRC – 69.68% owned) and (5) Blue Chip Gaming and Leisure Corporation (BCGLC – 70% owned).

Based on PFRS 3, Business Combination, the Company 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 third quarter of 2011.

The Company's total operating expenses amounted to ₱7.4 million and ₱2.5 million during the third quarter of 2011 and 2010, respectively while posting a year-to-date operating expenses of ₱20.4 million as of September 30, 2011 as compared to ₱6.8 million for the same period last year. The increases of ₱5.0 million during the third quarter of 2011 and ₱13.5 million as of September 30, 2011 are mainly attributable to the hiring of several management consultants, 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, the Company 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 the Company approved resolutions for the following:

(a) 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;

(b) 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, Macabacale, Bacolor, Pampanga under a license issued by the Philippine Amusement and Gaming Corporation (PAGCOR). Thus, the Company's consolidated financial statements include BCGLC's results of operations starting May 2011;

(c) authorizing the increase of the authorized capital stock of its wholly owned subsidiary, ABLGI to Four Hundred Million Pesos (P400,000,000.00) divided into Four Million Shares and authorizing the additional subscription of the Company 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 ABLGI.

During the annual stockholder's meeting held last July 29, 2011, the following were approved and ratified by the majority of stockholders present in person or by proxy:

(a) the Management Stock Option Plan, acquisition of BCGLC and increase of authorized capital stock of ABLGI;

(b) the issuance of One Hundred Fifty Million Shares (150,000,000) from the unissued capital stock of the Company 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);

(c) 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 ABLGI, 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;

(d) the approval of the declaration of cash dividend, 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**

### **Third Quarter 2011 vs. Third Quarter 2010**

On March 31, 1995, ABLE was registered with the Philippine Securities and Exchange Commission (SEC). The primary purpose of ABLE and its subsidiaries is to provide amusement and recreation to the public in such forms as, but not limited to, traditional, electronic, pulltabs and rapid bingo games. Doing business as Bingo Bonanza Corporation, ABLE has established itself as the pioneer in professional bingo gaming in the Philippines.

### Revenues

ABLE generated total sales of ₱905.1 million for the third quarter of 2011, a ₱36.2 million or 4.2% improvement from last year's third quarter sales of ₱868.9 million. The increase is attributable to the increase in sales of Electronic Bingo (EBingo) by ₱80.8 million or 38.4% which sufficiently compensated for the decrease in sales of the following: Traditional Bingo by ₱34.6 million or 6.5%; Rapid Bingo by ₱5.1 million or 4.5%; Pull Tabs by ₱2.4 million or 46.7% and Instant Charity Bingo by ₱2.6 million or 61.7%.

The traditional bingo continues to be ABLE's principal product-line with a contribution of 55.4% to total sales in the third quarter of 2011. Sales for the third quarter of 2011 was ₱501.1 million, a decline of ₱34.6 million or 6.5% from ₱535.7 million during the same period in 2010.

E-bingo total sales for the third quarter of 2011 amounted to ₱ 291.5 million, an increase of ₱80.8 million or 38.4% from ₱210.7 million sales during the same period in 2010. Higher sales were generated because of the increase in the number of E-bingo machines as well as an increase in sales generated per machine. As of September 30, 2011, there were a total of 2,630 E-bingo machines in 49 bingo parlors as compared to 1,911 E-bingo machines in 37 bingo parlors in the third quarter of 2010.

During the third quarter of 2011, sales from Rapid bingo contributed ₱108.1 million or 11.9% to total sales as compared to ₱113.2 million or 13.0% contribution to total sales for the same period last year. There was a decrease in sales amounting to ₱5.1 million or 4.5% from the third quarter of 2010. By the end of September 30, 2011, there were

a total of 77 Rapid bingo terminals in 61 bingo parlors as compared to 76 Rapid bingo terminals in 62 bingo parlors for the third quarter of last year.

During the third quarter of 2011, Pull Tabs contributed ₱2.7 million to total sales, as compared to ₱ 5.1 million for the same period last year.

Sales from the ICBG2 scratch cards contributed ₱1.6 million to total sales during the third quarter of 2011 as compared to ₱4.2 million for the same period last year.

### Expenses

ABLE's consolidated costs and operating expenses for the third quarter of 2011 of ₱577.9 million decreased by ₱9.3 million or 1.6% from ₱587.2 million in 2010. The decrease is mainly attributable to the following: (1) Cards & Supplies of ₱1.5 million or 12.8% due to the decrease in sales of Traditional Bingo and (2) "Others-Net" of ₱3.2 million or 21.0% 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) Employee's Benefit ₱3.0 million or 14.6%; (2) Contracted Services of ₱3.8 million or 16.6%; (3) Depreciation of ₱2.7 million or 21.8% and (4) Taxes and Licenses of ₱0.3 million or 5.5%. Interest and others – net expense for the quarter amounted to ₱ 3.3 million for a ₱1.0 million or 22.5% decrease from last year's ₱4.3 million mainly due to the decrease in loan interest payments resulting from substantial payment of loan principal.

### Net Income

ABLE posted a consolidated net income (net of minority share) of ₱24.1 million for the third quarter of 2011, a ₱0.04 million or 0.2% decrease from the ₱24.2 million net income for the same period in 2010. The slight decrease in net income is due to the increase in franchise and regulatory fees resulting from the increase in gross revenues.

## **FCLRC Operations Third Quarter 2011 vs. Third Quarter of 2010**

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 ₱79.3 million gross revenues for the third quarter of 2011, representing a ₱17.1 million or 27.5% increase from last year's third quarter revenues of ₱62.2 million. The improvement in revenues is mainly due to the increase in the number of operational locators – 49 for this year as against 39 last year as well as an increase in the revenues of operating locators. Hosting fees from restrictive and interactive gaming locators contributed ₱62.9 million or 79.3% of total revenues, while license application and renewal fees accounted for ₱16.5 million or 20.7%. Hosting fees of ₱ 54.3 million during the third quarter of 2010 increased by ₱8.6 million or 15.7%, while license application fees increased by ₱8.6 million or 108.3% from ₱ 7.9 million during the same period.

FCLRC posted a net income of ₱ 44.6 million for the third quarter of 2011, a ₱8.6 million or 24.0% increase versus last year's ₱35.9 million. Total cost and operating expenses of ₱ 18.9 million decreased by ₱ 2.4 million or 14.4% from last year's figure of ₱ 16.5 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) Administrative salaries and benefits of ₱ 6.2 million or 71.9%; (2) Rental of ₱ 0.3 million or 7.8%; (3) Communication & Utilities of ₱0.2 million or 7.6% and (4) Taxes and Licenses of ₱0.03 million or 66.3%. These decreases were partly offset by the following increases: (1) Professional Fees of ₱0.6 million or 24.5% attributable to the hiring of several consultants; (2) Depreciation of ₱ 3.0 million or 88.0% owing to the accelerated depreciation of the airstrip and acquisition of transportation equipment and (3) "Others" expenses of ₱5.4 million or 90.1% attributable to the enhanced marketing campaign to attract more locators. The resulting net income in the "Other Income/(Expense) account" of ₱ 16.8 million or a decrease of ₱ 1.8

million or 9.9% from last year's resulting net income of ₱ 18.7 million was mainly due to the decline in the other income derived from the rental of gaming facility coupled with a decrease in the equity in net earnings of First Cagayan Converge Data Center, Inc. (FCCDC) partially offset by a decrease in interest expense due to its partial settlement of financial obligation to CEZA.

#### **LRLDI Operations Third Quarter 2011 vs. Third 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 third quarter of 2011, LRLDI posted a net income of ₱0.002 million. Total rental income amounted to ₱4.3 million while total operating expenses amounted to ₱ 1.9 million for the third 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 ₱1.8 million, from ₱ 0.07 million as of the third quarter of 2010, as follows: (1) Employees Benefit of ₱0.009 million; (2) Depreciation of ₱1.5 million due to the accelerated amortization of completed projects and (3) "Others" of ₱0.3 million.

#### **ABLGI Operations Third Quarter 2011**

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 to the Provisional License issued by PAGCOR.

As of September 30, 2011, ABLGI has not started commercial operations. The Company, however, has incurred pre-operating expenses amounting to ₱68.5 million in the third 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 cost of hiring of several consultants to facilitate the outfitting and furnishing of the casino in line with the Company's objective to create a world class gaming facility.

#### **BCGLC Operations Third Quarter 2011**

BCGLC generated gross revenues from slot machines totaling ₱8.8 million during the third quarter of 2011. Total operating expenses amounted to ₱ 7.8 million. It contributed ₱0.07 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 ₱18.3 million for the third quarter of 2011, as compared to ₱46.7 million consolidated net income of the same period last year. The decrease is mainly due to the pre-operating expenses incurred by ABLGI. Excluding the said expenses, the consolidated net income of LRWC would have amounted to ₱50.3 million.

**ABLE Operations**  
**YTD - September 30, 2011 vs. September 30, 2010**

Revenues

ABLE's total year-to-date sales as of the third quarter of 2011 amounted to ₱2,673.2 million, a slight decrease of ₱5.9 million or 0.2% from the ₱2,679.1 million total sales for the same period last year. The decrease in sales is mainly due to the decrease in sales generated from the following: (1) Traditional Bingo of ₱128.4 million or 7.8%; (2) Rapid Bingo of ₱22.7 million or 6.4%; (3) Pull Tabs of ₱5.4 million or 34.3% and (4) Instant Charity Bingo of ₱6.8 million or 48.6%. On the other hand, there was an increase in sales of Electronic Bingo of ₱157.4 million or 24.6%, although it did not outweigh the overall decrease in sales, it reduced the effect of the decreases in the sales of the other products to a minimum.

The traditional bingo games remain the company's principal product-line with a September 2011 year-to-date sales of ₱1,526.1 million or 57.1% contribution to total sales.

The sales of E-bingo operations as of September 30, 2011 at ₱796.8 million or 29.8% 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 the third quarter of 2011, there were a total of 2,630 E-bingo machines in 49 bingo parlors, as compared to 1,911 E-bingo machines in 37 bingo parlors for the same period last year.

Rapid Bingo sales as of September 30, 2011 contributed ₱332.8 million or 12.5% to total sales. By end of the third quarter of 2011, a total of 77 Rapid Bingo terminals in 61 bingo parlors were installed, as compared to 76 Rapid Bingo terminals in 62 bingo parlors for the same period last year.

As of the third quarter ending September 30, 2011, Pull Tabs contributed ₱10.3 million as compared to ₱15.7 million for the same period last year.

Sales from the ICBG2 scratch cards contributed ₱7.2 million to total sales as of the third quarter of 2011 as compared to ₱14.0 million for the same period last year.

Expenses

ABLE's total operating expenses for the period ending September 30, 2011, amounted to ₱1,743.1 million, a decrease of ₱21.3 million or 1.2% from ₱1,764.4 million for the same period in 2010. The decrease in expenses are mainly attributable to: (1) Cards and Supplies of ₱2.2 million or 6.4% due to the decrease in sales of Traditional Bingo and (2) "Others-net" Expenses of ₱12.0 million or 27.2% 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 ₱7.8 million or 5.4%; (2) Employees Benefit of ₱13.8 million or 23.5%; (3) Contracted Services of ₱10.0 million or 15.2%; (4) Depreciation of ₱5.9 million or 17.1% and (5) Taxes and licenses of ₱1.8 million or 11.9%. The resulting decrease in the "Other Income/Charges" account of ₱7.4 million or 47.8% is mainly due to the gain on sale of 2,050,000 LRWC shares held as temporary investments as well as reduced loan interest payments due to payment of loan principal.

Net Income

As of September 30, 2011, ABLE posted a net income (net of minority share) of ₱69.2 million (inclusive of ₱4.4 million gain on sale of LRWC shares which reverts to additional paid-in capital upon consolidation) as compared to ₱95.1 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 - September 30, 2011 vs. September 30, 2010**

FCLRC's gross revenues as of the period ending September 30, 2011 was ₱233.3 million, an improvement of ₱8.0 million or 3.5% from last year's figures of ₱225.4 million. The improvement in revenues is mainly due to the increase in the number of operational locators – 49 for this year as against 39 last year.

FCLRC posted a net income of ₱ 112.7 million for the third quarter of 2011, a ₱26.9 million or 31.3% increase versus last year's ₱85.9 million. Total cost and operating expenses of ₱ 59.9 million decreased by ₱ 8.5 million or 12.4% from last year's figure of ₱ 68.4 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 ₱ 10.5 million or 38.2%; (2) Rental of ₱0.8 million or 7.2%; (3) Communication and utilities ₱ 0.4 million or 6.5%; (4) Taxes and Licenses of ₱0.03 million or 10.9% and (5) "Others" Expenses of ₱ 2.4 million or 61.8% partially offset by an increase in Depreciation of ₱ 5.4 million or 53.5% mainly due to the accelerated depreciation of the airstrip as well as the acquisition of transportation equipment. The resulting increase in the net income in the "Other Income/(Expense) account" of ₱ 8.3 million or 33.6% 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 – September 30, 2011 vs. September 30, 2010**

LRLDI's total revenues as of September 30, 2011 amounted to ₱12.9 million. Total operating expenses amounted to ₱ 6.0 million and ₱0.7 million as of the third 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 ₱5.4 million as follows: (1) Salaries of ₱0.3 million; (2) Employees Benefit of ₱0.2 million; (3) Depreciation of ₱4.6 million due to the accelerated amortization of completed project; (4) Taxes and Licenses of ₱0.03 and (5) "Others" expense of ₱0.2 million. The Company posted a net income of ₱3.7 million as of the third quarter of 2011.

### **ABLGI Operations**

#### **YTD – September 30, 2011**

As of September 30, 2011, ABLGI has not started commercial operations. The Company, however, has incurred pre-operating expenses amounting to ₱114.9 million as of the third quarter of 2011. These expenses are mainly attributable to the following: (1) rental of land in which construction of the building is on-going; (2) 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 and (3) hiring of several consultants to facilitate the outfitting and furnishing of the casino in line with the Company's objective to create a world class gaming facility.

### **BCGLC Operations**

#### **YTD – September 30, 2011**

BCGLC generated gross revenues from slot machines totaling ₱15.1 million as of September 30, 2011. Total operating expenses amounted to ₱ 13.1 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 ₱12.3 million, a ₱135.1 million or 91.7% decline from the ₱147.4 million consolidated net income for the same period last year. The decrease is mainly due to the pre-operating expenses incurred by ABLGI. Excluding the said expenses, the consolidated net income of LRWC would have amounted to ₱131.3 million.



## Financial Condition – September 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 September 30, 2011 amounted to ₱3,621.2 million increased by ₱1,191.6 million or 49.0% from ₱2,429.6 million as of December 31, 2010. Increases in assets are attributable to the following: (1) Cash of ₱851.1 million mainly due to deposit for future subscription for LRWC shares of stock from private placements; (2) Receivables - Net of ₱70.2 million due to ABLGI's advances for continuous projects that will be beneficial to its operations in the future ; (3) Bingo cards, Supplies and Other Inventories of ₱3.9 million due to ABLE's opening of new sites as well an increase in the inventory level to support their new gaming dynamics; (4) Prepaid Expenses and Other Current Assets of ₱ 34.0 million due to ABLE's prepayment of expenses during the first few months of the year which will be properly amortized in the future short term periods coupled with ABLGI's value added tax credit; (5) Due from Related Parties – Net of ₱ 40.4 million due to ABLE's advances to related parties for on-going projects which will benefit the Group in the future; (6) Property and Equipment - Net of ₱89.4 million mainly due to ABLGI's on-going building improvements; (7)Investment Properties of ₱8.7 million attributable to LRLDI's facility improvements in CSEZFP; (8) Investment and Advances - Net of ₱27.2 million mainly due to other on-going projects which will benefit the Group in the future and (9) Other Assets of ₱51.5 million due to LRLDI's increase in investments with CPVDC and CLPDC.

Total Liabilities increased due to the following: (1) Trade and Other Payables of ₱130.6 million mainly attributable to FCLRC's trade payable to CEZA as well as LRWC's accrual of dividend payables; (2) Rent Deposit of ₱1.2 million owing to LRLDI's adjustment of its application of deposit to its respective receivable and (3)Retirement Liability of ₱4.1 million due to ABLE's usual accrual of expenses. These increases were partially offset by the following decreases: (1) Income Tax Payable ₱1.6 million due to the difference in the related accrual period; (2) Finance Lease Payable (net of current and long term) of ₱4.4 million and (3) Loans Payable (net of current and long term) of ₱37.6 million mainly due to ABLE's substantial loan principal payments.

## Cash Flows – Nine Months Ended September 30, 2011 vs. September 30, 2010

Cash balance as of September 30, 2011 of ₱952.6 million increased by ₱ 883.5 million or 1277.4% from ₱69.2 million for the same period last year; the increase is mainly due to cash from financing activities arising from LRWC's increase in capital 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:

	<u>As Of</u>	
	<u>September 30, 2011</u>	<u>December 31, 2010</u>
<i>Liquidity</i>		
Current Ratio	216%	96%
<i>Leverage Ratio</i>		
Debt to Equity	30%	44%
	<u>For the Nine Months Ended</u>	
	<u>September 30, 2011</u>	<u>September 30, 2010</u>
<i>Profitability Ratio</i>		
Rate of Payout to Net Revenues	55.5%	57.7%
Return on Average Equity	0.5%	9.3%
Return on Average Assets	0.4%	6.4%

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	$\frac{\text{Net Income}}{\text{Average Total Assets}}$

### 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 September 30, 2011 and December 31, 2010, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	09/30/2011	12/31/2010
Cash in bank	₱ 952,629,457	₱ 101,562,325
Receivables - Net *	550,046,626	479,866,818
Due from related parties – Net*	52,259,382	11,828,460
Other assets – Net*	647,064,648	595,608,655
	₱ 2,202,000,113	₱ 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, has an 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 as of September 30, 2011.

#### 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.

#### 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. 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 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.

#### *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 approximates 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 approximates 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 third 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: 11/14/11



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

Date: 11/14/11



Signature and Title: MILAGROS P. MIRANDA, Finance Manager

Date: 11/14/11

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

		30-Sep-11 <u>(Unaudited)</u>	31-Dec-10 <u>(Audited)</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	Schedule 1	952,629,457	101,562,325
Receivables - net	Schedule 2	550,046,626	479,866,818
Bingo cards, supplies and other inventories		20,832,191	16,928,727
Prepaid expenses and other current assets	Schedule 3	45,772,237	11,767,350
Due from related parties	Schedule 2	52,259,382	11,828,460
<b>Total Current Assets</b>		<b>1,621,539,891</b>	<b>621,953,680</b>
<b>Noncurrent Assets</b>			
Property and equipment - net	Schedule 4	431,580,573	342,194,853
Investment property	Schedule 5	131,294,505	122,578,249
Investments and advances - net	Schedule 6	243,450,718	216,264,847
Goodwill - net		546,242,737	530,988,731
Other assets - net	Schedule 7	647,064,648	595,608,655
<b>Total Noncurrent Assets</b>		<b>1,999,633,182</b>	<b>1,807,635,335</b>
<b>TOTAL ASSETS</b>		<b>3,621,173,073</b>	<b>2,429,589,015</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	Schedule 8	633,774,400	503,171,422
Short-term loans payable	Schedule 10	82,633,276	84,146,970
Current portion of long-term loans payable	Schedule 10	23,360,300	43,391,995
Current portion of obligations under finance lease		1,894,270	5,297,863
Income tax payable		1,198,858	2,839,737
Due to related party	Schedule 9	9,070,691	9,070,691
<b>Total Current Liabilities</b>		<b>751,931,795</b>	<b>647,918,678</b>
<b>Noncurrent Liabilities</b>			
Long-term loans payable - net of current portion	Schedule 10	37,157,868	54,758,005
Retirement benefits liability		35,912,288	31,862,288
Rent deposit		4,111,800	2,932,800
Obligations under finance lease - net of current portion		889,615	1,856,322
<b>Total Noncurrent Liabilities</b>		<b>78,071,570</b>	<b>91,409,415</b>
<b>Stockholders' Equity</b>			
Common Stock - P 1 par value			
Authorized - 1,600,000,000 shares			
Issued - 849,877,094 shares		999,877,094	849,877,094
Additional paid-in capital		1,108,329,312	128,881,859
Retained earnings		558,157,657	625,861,621
Treasury shares		(12,995,694)	(20,785,694)
		<b>2,653,368,369</b>	<b>1,583,834,880</b>
<b>Non-controlling Interest</b>		<b>137,801,339</b>	<b>106,426,042</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>2,791,169,708</b>	<b>1,690,260,922</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>3,621,173,073</b>	<b>2,429,589,015</b>



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

	For the Nine Months Ended Sept 30		For the Three Months Ended Sept 30	
	2011	2010	2011	2010
<b>REVENUES</b>				
Traditional bingo	1,526,058,266	1,654,416,560	501,139,958	535,735,915
Electronic bingo - net	796,795,005	639,424,396	291,468,512	210,650,721
Rapid bingo - net	332,839,578	355,516,316	108,135,330	113,213,240
Service and hosting fees	233,322,897	225,369,475	79,339,151	62,234,967
Pull tabs	10,332,640	15,722,240	2,730,420	5,125,880
Instant charity bingo	7,192,120	14,003,740	1,597,400	4,170,100
Slot machines	15,064,487	-	8,814,421	-
Rental income	12,941,344	-	4,323,255	-
	<b>2,934,546,336</b>	<b>2,904,452,728</b>	<b>997,548,446</b>	<b>931,130,823</b>
<b>FRANCHISE FEES AND TAXES</b>	<b>944,030,549</b>	<b>894,560,755</b>	<b>332,030,743</b>	<b>280,313,233</b>
<b>NET REVENUES</b>	<b>1,990,515,787</b>	<b>2,009,891,973</b>	<b>665,517,703</b>	<b>650,817,590</b>
<b>COSTS AND OPERATING EXPENSES</b>				
Payout	1,105,303,679	1,160,655,910	361,172,500	378,354,216
Rentals	180,612,636	154,198,613	65,251,728	52,817,034
Salaries and wages	129,511,749	131,436,340	41,255,102	45,366,354
Communication and utilities	121,116,600	113,969,576	41,960,629	39,146,377
Employee benefits	76,298,527	59,440,472	24,328,204	20,801,271
Contracted services	179,366,837	77,198,463	92,795,466	27,721,323
Depreciation and amortization	62,778,415	44,781,998	24,228,104	15,723,791
Bingo cards and supplies	31,774,744	33,940,672	10,370,709	11,892,762
Taxes and licenses	18,533,265	15,666,845	5,938,377	4,806,523
Others	52,168,191	49,043,007	15,199,673	9,606,272
	<b>1,957,464,643</b>	<b>1,840,331,895</b>	<b>682,500,493</b>	<b>606,235,923</b>
<b>OPERATING INCOME</b>	<b>33,051,144</b>	<b>169,560,077</b>	<b>(16,982,789)</b>	<b>44,581,667</b>
<b>OTHER INCOME (EXPENSE)</b>				
Equity in net earnings of a joint venture	16,410,420	22,561,624	6,010,817	11,112,261
Foreign exchange loss	(37,552)	-	-	-
Interest - net	1,341,392	(13,189,678)	7,532,823	3,268,272
	<b>17,714,260</b>	<b>9,371,945</b>	<b>13,543,640</b>	<b>14,380,533</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>50,765,404</b>	<b>178,932,022</b>	<b>(3,439,150)</b>	<b>58,962,200</b>
<b>INCOME TAX EXPENSE</b>	<b>4,028,543</b>	<b>4,414,713</b>	<b>1,245,530</b>	<b>1,231,450</b>
<b>NET INCOME (LOSS)/TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>46,736,861</b>	<b>174,517,309</b>	<b>(4,684,679)</b>	<b>57,730,750</b>
<b>Attributable to:</b>				
Owners of the Parent Company	12,286,203	147,411,488	(18,264,642)	46,667,449
Non-controlling interest	34,450,658	27,105,821	13,579,963	11,063,301
	<b>46,736,861</b>	<b>174,517,309</b>	<b>(4,684,679)</b>	<b>57,730,750</b>
<b>EARNINGS PER SHARE</b>	<b>0.014</b>	<b>0.173</b>	<b>(0.020)</b>	<b>0.055</b>

**INCOME PER SHARE IS COMPUTED AS FOLLOWS:**

a) Net Income (Loss)	12,286,203	147,411,488	(18,264,642)	46,667,449
b) Weighted average number of common shares	866,543,761	849,877,094	899,877,094	849,877,094
c) Basis (a/b)	0.014	0.173	(0.020)	0.055

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

(Unaudited)

	September-11						September-10					
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Minority Interests	Total	Capital Stock	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Minority Interests	Total
Balance at beginning of the period	849,877,094	128,881,859	625,861,621	(20,785,694)	106,426,042	1,690,260,922	849,877,094	114,790,986	488,815,290	(19,780,317)	86,855,225	1,520,558,278
Disposal for the period				7,790,000		7,790,000				(1,005,377)		(1,005,377)
APIC - treasury shares		4,447,453				4,447,453		14,090,873				14,090,873
Cash dividend			(79,990,168)			(79,990,168)			(25,496,313)			(25,496,313)
Issuance of capital stock	150,000,000					150,000,000						0
APIC		975,000,000				975,000,000						0
Minority interests					31,375,297	31,375,297					27,105,822	27,105,822
Net income for the period			12,286,203			12,286,203			147,411,488			147,411,488
Balance at end of the period	999,877,094	1,108,329,312	558,157,657	(12,995,694)	137,801,339	2,791,169,708	849,877,094	128,881,859	610,730,465	(20,785,694)	113,961,047	1,682,664,771

(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**  
**Attachments to Unaudited Consolidated Financial Statements**  
**As of September 30, 2011**

**Schedule 1 - Cash and Cash Equivalents**

Cash on hand and in banks	952,629,457
	<u><b>952,629,457</b></u>

**Schedule 3 - Prepaid Expenses and Other Current Assets**

Prepaid expenses	24,202,578
Other current assets	21,569,659
	<u><b>45,772,237</b></u>

**Schedule 4 - Property and Equipment**

Leasehold improvements	341,294,042
Bingo equipment & paraphernalia	35,328,717
Office furnitures, fixtures and equipment	172,437,937
Condominium unit	4,791,748
Construction in progress	97,849,568
Aircraft and transportation equipment	118,983,458
Total	<u>770,685,470</u>
Less: Accumulated depreciation	<u>(339,104,896)</u>
Net	<u><b>431,580,573</b></u>

**Schedule 5 - Investment Property**

Building	79,769,009
Construction in progress	58,489,327
Total	<u>138,258,336</u>
Less: Accumulated depreciation	<u>(6,963,831)</u>
Net	<u><b>131,294,505</b></u>

**Schedule 6 - Investment and Advances**

Investment - at equity	
Acquisition costs:	
Associate:	
Binondo Leisure Resources, Inc. (BLRI) - 30%	21,200,000
	<u>21,200,000</u>
Joint venture:	
First Cagayan Converge (FC Converge) - 60%	
<i>(net of subscription payable of 7,500,000)</i>	7,500,000
	<u>7,500,000</u>
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)	16,410,420
Balance at end of the period	
BLRI (Associate)	(26,303,101)
FCCDCI (Joint Venture)	85,128,116
	<u>58,825,015</u>
	<u>87,525,015</u>
Advances	
Bindondo Leisure Resources, Inc. (BLRI)	184,251,419
Allowance for Impairment	(40,000,000)
First Cagayan Converge (FC Converge)	1,917,784
Investments - at cost	9,756,500
	<u><b>243,450,718</b></u>

**Schedule 7 - Other Assets**

Advances to Cagayan Premium Ventures Inc. (CPVDC)	403,840,058
Airstrip improvements - net of amortization	80,239,090
Venue rental deposits and other deposits	110,920,247
Cash and performance bonds	18,089,100
Advance regulatory fee on Instant Game	13,079,568
Advances to Cagayan Land Property Development Corporation (CLPDC)	13,953,994
Operating licenses	4,253,690
Others	2,688,901
	<u><u>647,064,648</u></u>

**Schedule 8 - Trade and Other Payables**

Payable to CEZA	228,582,645
Unearned hosting fees	71,057,184
Payable to PAGCOR	12,252,937
Venue rental payable	20,950,242
Cards and supplies	5,184,954
Capital expenditures	5,044,658
Accrued expenses and other payables (arising from normal business operations)	290,701,780
	<u><u>633,774,400</u></u>

**Schedule 9 - Amount Due to Related Parties**

Longview Holdings Corporation	9,070,691
	<u><u>9,070,691</u></u>

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

Short-term Loans Payable	
PBCom	37,705,276
BDO	44,928,000
	<u><u>82,633,276</u></u>
Long-term Loans Payable	
Current Portion	
BDO	23,360,300
Noncurrent Portion	
BDO	37,157,868
	<u><u>60,518,168</u></u>

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

1.) Aging of Accounts Receivables

	<b>TOTAL</b>	<b>1-3 Months</b>	<b>4-6 Months</b>	<b>7 months to 1 year</b>	<b>1 year and above</b>	<b>Past due accounts and items in litigation</b>
<b>Type of Accounts Receivable</b>						
<b>a.) Trade Receivables</b>						
1.) Rent Receivable	16,227,962	10,138,261	4,039,045	2,050,656	-	-
2.) Receivable from Locators	166,605,329	62,868,357	29,379,266	33,152,165	41,205,541	-
3.) Others	296,871	296,081	790	-	-	-
	<b>183,130,162</b>	<b>73,302,699</b>	<b>33,419,100</b>	<b>35,202,821</b>	<b>41,205,541</b>	<b>-</b>
<b>b.) Non-Trade Receivables</b>						
1.) Advances to non-consolidated affiliates	-	-	-	-	-	-
2.) Advances to employees	61,539,242	3,659,062	25,314,393	32,565,787	-	-
3.) Others	305,377,222	174,899,865	14,538,165	8,097,225	107,841,967	-
	<b>366,916,464</b>	<b>178,558,926</b>	<b>39,852,558</b>	<b>40,663,012</b>	<b>107,841,967</b>	<b>-</b>
<b>Total Receivables</b>	<b>550,046,626</b>					
<b>c.) Receivables from Related Parties</b>						
1.) Vinta Gaming Corporation	2,633,349	67,457	136,218	106,089	2,323,585	-
2.) Insular Gaming Corporation	5,512,118	1,375,224	4,136,894	-	-	-
3.) First Cagayan Converge Data Center Inc.	2,642,780	380,661	318,910	593,209	1,350,000	-
4.) Exceptional Bingo	32,894,928	21,527,640	3,060,490	4,733,184	3,573,614	-
5.) Others	8,576,206	6,283,796	752,441	1,539,969	-	-
	<b>52,259,382</b>					
<b>Net Receivables</b>	<b>602,306,008</b>					

2.) Accounts Receivable Description

<b>Types of Receivable</b>	<b>Nature and Description</b>	<b>Collection Period</b>
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**  
**September 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), is engaged in realty estate acquisition, development and tourism. 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 in 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 fifty two (52) 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, and the acquisition of 100% of Bigtime Gaming Corporation (BGC) in July, 2011 through its subsidiary ABLE, 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. As of September 30, 2011, the said 150 million shares have already been issued and still in the process of listing at Philippine Stock Exchange (PSE).
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.