LRWC
LEISURE & RESORTS WORLD CORPORATION

11 February 2013

Philippine Stock Exchange, Inc.
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
*Head, Disclosure Department*

Gentlemen:

In accordance with the disclosure rules of the Exchange, please find attached a copy of the Definitive Information Statement (SEC Form 20-IS) which we filed with the Securities and Exchange Commission (SEC).

Very truly yours,

**RAUL G. GERODIAS**
*Compliance Officer*

# COVER SHEET

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|---|---|---|---|---|---|---|---|---|---|---|---|

SEC Registration Number

**LEISURE & RESORTS WORLD CORPORATION & SUBSIDIARIES**

(Company's Full Name)

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

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

**Atty. Raul G. Gerodias**

(Contract Person)

**633-9757**

(Company Telephone Number)

**1 2** **3 1**

*Month* *Day*

(Fiscal Year)

**2 0 - I S**

(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

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To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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**NOTICE OF SPECIAL STOCKHOLDERS' MEETING**

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Special Meeting of the Stockholders of Leisure & Resorts World Corporation (the "Corporation") will be held on March 22, 2013 at 2:00 p.m., Midas Hotel and Casino, 2702 Roxas Boulevard, Pasay City. Registration will start at 1:00 p.m. The agenda of the meeting will be as follows:

1. Call to Order
2. Proof of notice and determination of quorum
3. Approval of the issuance and offer of 1.75 billion Perpetual Preferred Shares and Warrants equivalent to 87,500,000 Common Shares
4. Approval of the amendment of the Articles of Incorporation reflecting the increase in authorized capital stock of the Corporation from ₱1.6 billion to ₱5 billion divided into 2.5 billion shares of common stock with par value of ₱1.00 per share and 2.5 billion shares of preferred stock with par value of ₱1.00 per share. The preferred shares may be issued in tranches or series and shall be non-voting, non-participating, entitled to preferential and cumulative dividends at the rate not exceeding 12% per annum, and shall have such other, rights, preferences, restrictions and qualifications consistent with law and these articles of incorporation, as may be fixed by the Board of Directors at their issuance.
5. Approval of the amendment of the By-Laws to reflecting the following changes:
    a. The Annual Meeting of the Stockholders shall still be held within the principal office of the Corporation in Metro Manila on the last Friday of July each year, unless a different date is fixed by the Board of Directors. The reference as to the time of the Annual Meeting, i.e. at the hour of 2:00 P.M. shall be deleted (Article II); and
    b. Meetings of the Board of Directors may be held by teleconferencing or videoconferencing (Article III).
6. Listing of the Perpetual Preferred Shares, Warrants and Underlying Shares of the Warrants
7. Declaration of stock dividend equivalent to approximately 20% of the outstanding capital stock of the Corporation of 999,877,094 shares or equivalent to approximately 200,000,000 common shares
7. Delegation to the Board of Directors of the power to amend or repeal the By-Laws
8. Other Matters
9. Adjournment

For the purpose of the meeting, only stockholders of record at the close of business on February 15, 2013 will be entitled to vote thereat.

Stockholders who cannot attend the meeting in person may designate their authorized representative by submitting a Proxy instrument in accordance with Sec. 58 of the Corporation Code. Validation of the proxies shall be held on March 8, 2013 at the office of the Corporation's transfer agent, Stock Transfer Services, Inc., Unit 34-D Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

To facilitate your registration of attendance, please have available some form of identification such as company I.D., passport or driver's license.

Thank you.

Pasig City. February 9, 2013.

FOR THE BOARD

**RAUL G. GERODIAS**
Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION**
**SEC FORM 20-IS**
**INFORMATION STATEMENT PURSUANT TO SECTION 20**
**OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [ / ] Definitive Information Statement

3. Name of Registrant as specified in its Charter: LEISURE & RESORTS WORLD CORPORATION

3. Province, country or other jurisdiction of incorporation or organization: MAKATI CITY, PHILIPPINES

4. SEC Identification Number: 13174

5. BIR Tax Identification Code: 321-000-108-278-000

6. Address of Principal Office: 26F, West Tower, PSE Center, Exchange Road, Ortigas, Pasig City, 1605

7. Registrant's telephone number, including area code: (632) 687-03-70

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

| | | |
|---|---|---|
| Date | - | 22 March 2013 |
| Time | - | 2:00 p.m. |
| Place | - | Midas Hotel and Casino, 2702 Roxas Boulevard, Pasay City |

9. Approximate date on which the Information Statement is first to be sent or given to security holders: 22 February 2013

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants)

| Title of Each Class | Number of Shares of Common Stock Outstanding and amount of Debt Outstanding |
|---|---|
| Common Stock | 999,877,094/ Not applicable (includes 18,330,500 shares acquired by AB Leisure Exponent, Inc., a wholly-owned subsidiary of the registrant) |

11. Are any of the registrant's securities listed in the Philippine Stock Exchange?

   ___/___ Yes                ______ No

   If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

   PHILIPPINE STOCK EXCHANGE, Common shares

**Date, time and Place of Meeting**

| | | | |
|---|---|---|---|
| (a) | Date | - | March 22, 2013 |
| | Time | - | 2:00 p.m. |
| | Place | - | Midas Hotel and Casino, 2702 Roxas Boulevard, Pasay City |
| | Principal Office | - | 26F West Tower, PSE Center, Exchange Road, Ortigas, Pasig City |

(b) Approximate date on which the Information Statement is first to be sent or given to security holders: Feb. 22, 2013

**Dissenter's Right of Appraisal**

Any stockholder who votes against the proposal set out in Item 3 of the Notice and Agenda of the Special Meeting shall have an appraisal right or the right to demand payment of the fair value of his shares of stock. The procedure required to be followed by a dissenting stockholder in order to perfect his appraisal right as follows:

(a) A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.

(b) The dissenting stockholder shall make a written demand on the registrant for payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken. The failure of the stockholder to make the demand within such period shall be deemed a waiver of the appraisal right.

(c) If the proposed corporate action is implemented or effected, the registrant shall pay to such dissenting stockholder upon surrender of the certificate(s) of stock representing his shares within ten (10) days after demand thereof, provided the registrant has unrestricted retained earnings; and

(d) Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the registrant.

**Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director/independent director or officer and, to the best knowledge of the Board of Directors and Management of the Corporation, no associate of any of the foregoing persons has any substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted upon at the Special Meeting.

No director/independent director has informed the Corporation in writing that he intends to oppose any action to be taken at the Special Meeting.

## INFORMATION ON SECURITIES AND SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

**Voting Securities and Principal Holders thereof**

(a) Number of Shares Outstanding and entitled to be voted at the meeting: 981,546,594 common stock (as of February 1, 2013), net of 18,330,500 shares acquired by AB Leisure Exponent, Inc., a wholly-owned subsidiary of the registrant.

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

(b) All stockholders of record as of February 15, 2013 are entitled to notice and to vote at the Special Stockholders' Meeting.

(c) Manner of Voting: Each stockholder of record as of February 15, 2013 shall have the right to vote in person or by proxy the number of shares of stock held in his name.

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

(1) Security Ownership of Certain Record and Beneficial Owners (more than 5%)

| Title of Class (As of Jan. 31, 2013) | Name and address of Record Owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Holder | Citizenship | No. of Shares Held | Percentage of Ownership |
|---|---|---|---|---|---|
| Common | PCD Nominee Corp. (Filipino)<br>37/F Tower I, The Enterprise Center<br>6766 Ayala Avenue corner Paseo de Roxas, Makati City<br>*Stockholder* | * | Filipino | ® 590,018,335 | 59.14% |
| Common | Zoraymee Holdings, Inc.<br>21/F Wynsum Corporate Plaza, Emerald Avenue, Ortigas Center, Pasig City<br>*Stockholder* | Record Holder same as Beneficial Owner | Filipino | ® 111,267,658 | 11.13% |
| Common | Grandshares Inc.<br>2809 Raffles Corporate Center, Emerald Avenue, Ortigas Center, Pasig City<br>*Stockholder* | Record Holder same as Beneficial Owner | Filipino | ® 100,000,000 | 10.00% |
| Common | Alfredo Abelardo Benitez<br>26/F West Tower, PSE Center, Ortigas Center, Pasig City<br>*Stockholder* | Record Holder same as Beneficial Owner | Filipino | ® 68,319,999 | 6.83% |

** Beneficial owners under PCD Nominee Corporation that hold more than 5% shares are Citisecurities, Inc., which holds 50,510,191 shares or 5.05%, and The Hongkong and Shanghai Banking Corporation, Ltd., which holds 55,081,480 shares or 5.51%. Each of these beneficial owners will be asked to appoint and authorize a representative who will vote in behalf of the corporation.*

Mr. Alfredo Abelardo B. Benitez, one of the major shareholders of the registrant owns 93.9% of the total issued and outstanding capital stock of Zoraymee Holdings, Inc. He has been authorized to exercise voting power over the shares of Zoraymee Holdings, Inc.

(2) Security Ownership of Management (other than as Nominees)

| Title of Class (As of Jan. 31, 2013) | Name and address of Beneficial Owner | Amount and nature of beneficial ownership | Citizenship | Percentage of Ownership |
|---|---|---|---|---|
| Common | Willy N. Ocier<br>32 Wilson Street, Greenhills, San Juan | 1,771,000 (direct)<br>860,000 (indirect) | Filipino | 0.27% |
| Common | Wilson L. Sy<br>2703 Philippine Stock Exchange Center, Exchange Road, Ortigas, Pasig City | 1,905,500 (direct) | Filipino | 0.19% |
| Common | Eusebio H. Tanco<br>543 Fordham Street, Wack-Wack Village, Mandaluyong City | 1 (direct)<br>6,400 (indirect) | Filipino | nil |
| Common | Jose Francisco B. Benitez<br>Unit 24 Cameron Tower of Essensa, East Forbes Condo, Fort Bonifacio Global City, Taguig | 1,000 (direct)<br>49,500 (indirect) | Filipino | nil |
| Common | Clarita T. Zarraga<br>26 Santan Street, Tahanan Village, Parañaque City | 1 (direct)<br>5,500 (indirect) | Filipino | nil |

| | | | | |
|---|---|---|---|---|
| Common | Ignatius F. Yenko<br>No. 7 Bahamas Street, Loyola Grand Villas, Quezon City | 1,000 (direct) | Filipino | nil |
| Common | All Other Directors and Officers as a group | 12 (direct)<br>24,992 (indirect) | Filipino | nil |

*Aggregate ownership of all directors and officers as a group unnamed: 4,624,906*

(3) Voting Trust Holders of 5% or More

No person holds more than five percent (5%) of a class under voting trust or similar arrangement.

(4) Change in Control

There has been no change in control of the Corporation since the beginning of 2012 and the Corporation is not aware of any existing, pending, or potential transaction which may result in such a change in control.

**ISSUANCE OF AND OFFER OF 1.75 BILLION PERPETUAL PREFERRED SHARES AND WARRANTS EQUIVALENT TO 87,500,000 COMMON SHARES IF FULLY ISSUED AND EXERCISED**

On 22 January 2013, the Board of Directors of the Corporation approved the issuance of a nil-paid detachable warrant for every twenty (20) Perpetual Preferred Shares upon the approval of the stockholders of the increase in authorized capital stock and the corresponding amendment of the Articles of Incorporation. Each warrant shall entitle the warrant holder to purchase one (1) common share of the Corporation. The issuance and offer of 1.75 Billion Perpetual Preferred Shares shall be an exempt transaction, more specifically as a sale to qualified buyers, such institutions or persons defined as such pursuant to Section 10.1 (l) of the Securities Regulation Code (SRC) and SEC Memorandum Circular No. 6, Series of 2007, or as a private placement to not more than nineteen (19) buyers in accordance with Section 10.1 (k) of the SRC.

The Perpetual Preferred Shares and the detachable warrants shall have the following features:

| | |
|---|---|
| Offer Price | ₱1.00 per share |
| Dividend Rate | 8.5 % per annum |
| Features | Non-voting, non-convertible, cumulative, non-participating and redeemable at the option of the Corporation |
| Dividend Rate Step-Up | Unless the preferred Shares are redeemed by the Corporation on the 5th year anniversary from issue date (the "Optional Redemption Date"), the Dividend rate shall be adjusted on the Optional Redemption Date to the higher of (a) the Dividend Rate or (b) the prevailing Philippine Dealing System Treasury Note fixing 10-year treasury securities benchmark rate, plus a spread of 300 basis points. |
| Optional Redemption | The Corporation has the option, but not the obligation, to redeem the perpetual preferred shares in whole or in part on the Optional Redemption Date or on any Dividend Payment Date thereafter at a redemption price equal to the issue price of the perpetual preferred shares plus accumulated and unpaid cash dividend, if any, for all dividend periods up to the date of actual redemption by the Corporation. |
| Provision of Warrants | A nil-paid, detachable warrant shall be issued to for every twenty (20) Perpetual Preferred Shares. Each warrant shall entitle the warrantholder to purchase one (1) common share. |
| Exercise Price of Warrants | The exercise price of the warrant shall be ₱15.00 or the Corporation's weighted average trading price for three (3) months prior to the exercise date of the warrant less a ten percent (10%) discount, whichever is lower. |

| | |
|---|---|
| Exercise Period of Warrants | The warrants are exercisable starting on the 5th anniversary of the issuance of the Perpetual Preferred Shares until the 8th anniversary. |
| Early Redemption Due to Changes in Accounting Treatment | If an accounting event occurs that will result in a change in the accounting treatment of the preferred shares, the Corporation may redeem the Perpetual Preferred Shares at the issue price plus all accumulated and unpaid cash dividends, if any.<br><br>An accounting event shall occur if an opinion of a recognized person authorized to provide auditing services in the Republic of the Philippines states that there is more than an insubstantial risk that funds raised through the issuance of preferred shares may no longer be recorded as "equity" pursuant to the Philippine Financial Reporting Standards. |

## INCREASE IN AUTHORIZED CAPITAL STOCK, AMENDMENTS TO THE SEVENTH ARTICLE OF THE ARTICLES OF INCORPORATION AND THE SECOND AND THIRD ARTICLES OF THE BY-LAWS

On 22 January 2013, the Board of Directors of the Corporation approved the following amendments to the Articles of Incorporation and By-Laws as follows:

(a) Seventh Article of the Articles of Incorporation

The authorized capital stock of the Corporation shall be increased from ₱1.6 billion to ₱5 billion divided into 2.5 billion shares of common stock with par value of ₱1.00 per share and 2.5 billion shares of preferred stock with par value of ₱1.00 per share.The preferred shares may be issued in tranches or series and shall be non-voting, non-participating, entitled to preferential and cumulative dividends at the rate not exceeding 12% per annum, and shall have such other, rights, preferences, restrictions and qualifications consistent with law and these articles of incorporation, as may be fixed by the Board of Directors at their issuance.

(b) Second Article of the By-Laws

The Annual Meeting of the Stockholders shall still be held within the principal office of the Corporation in Metro Manila on the last Friday of July each year, unless a different date is fixed by the Board of Directors. The reference as to the time of the Annual Meeting, i.e. at the hour of 2:00 P.M. shall be deleted.

(c) Third Article of the By-Laws

The notice requirement of regular or special meetings of the Board shall be amended to state that written notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be sent by the Secretary to each director by personal delivery (messenger), ordinary or express mail (courier), facsimile or e-mail. The notice shall also include the following an (a) inquiry on whether the director will attend physically or through video/teleconference; (b) Contact number/s of the Corporate Secretary and his or her office staff whom the director may call to notify and state whether he shall be physically present or shall attend through video/teleconference; (c) Agenda of the meeting.

If the director chooses to attend the meeting through video/teleconference, he shall give notice of that fact to the Secretary at least two (2) days before the scheduled meeting and inform the latter of his contact number/s. The Corporate Secretary shall inform the director concerned of the contact number/s he will call to set up the video/teleconference to be able to join the meeting. The Corporate Secretary shall keep the records of the details and, on the date of the scheduled meeting, confirm and note such details as part of the minutes of the meeting.

**General Effects of the Increase in Authorized Capital Stock and Issuance of the Perpetual Preferred Shares and Warrants**

The effect on the ownership structure (before and after the transaction):

| | Before | | After | |
|---|---|---|---|---|
| **Principal Stockholder** | **No. of Shares** | **%** | **No. of Shares (including 20% stock dividend declaration)** | **%** |
| Zoraymee Holdings, Inc. (Common Shares) | 111,267,658 | 11.13 | 133,521,189 | 4.53 |
| Grandshares, Inc. (Common Shares) | 100,000,000 | 10.00 | 120,000,000 | 4.07 |
| Alfredo Abelardo B. Benitez (Common Shares) | | | | |
| Direct | 68,320,001 | 6.83 | 81,984,001 | 2.78 |
| Indirect | 36,782,593 | 3.68 | 44,139,111 | 1.50 |
| Vantage Equities, Inc. (Common Shares) | 25,000,000 | 2.50 | 30,000,000 | 1.02 |
| Pacific Online Systems Corporation (Common Shares) | 25,000,000 | 2.50 | 30,000,000 | 1.02 |
| Investors to the Private Placement (Preferred Shares) | - | - | 1,750,000,000 | 59.00 |

The effect on the capital structure:

| | |
|---|---|
| Issued Shares | ₱ 2,949,877,094 |
| Common Shares | ₱ 1,199,877,094 |
| Preferred Shares | ₱ 1,750,000,000 |
| Other Types of Securities | ₱ 87,500,000 |
| Outstanding Shares | ₱ 2,949,877,094 |
| Common Shares | ₱ 1,199,877,094 |
| Preferred Shares | ₱ 1,750,000,000 |
| Other Types of Securities | ₱ 87,500,000 |
| Treasury Shares | - |
| Listed Shares | ₱ 2,949,877,094 |
| Common Shares | ₱ 1,199,877,094 (upon additional listing of stock dividend declaration) |
| Preferred Shares | ₱ 1,750,000,000.00 (upon listing) |
| Other Types of Securities | ₱ 87,500,000.00 (upon listing) |

Other types of securities consist of warrants which are equivalent to 87,500,000 common shares if fully exercised.

## OTHER PROPOSED ACTIONS

On 22 January 2013, the Board of Directors of the Corporation approved the following:

(a) Listing of the Perpetual Preferred Shares, Warrants and Underlying Shares of the Warrants.

(b) Declaration of stock dividend equivalent 20% of the outstanding capital stock of the Corporation of 999,877,094 shares or equivalent to approximately 200,000,000 common shares.

(c) The power to amend or repeal the By-Laws shall be delegated to the Board of Directors.

**Voting Procedures**

(a) Vote required for Approval

With respect to the: (i) Issuance of Perpetual Preferred Shares and Warrants; (ii) Increase in Authorized Capital Stock and the corresponding Amendment of the Articles of Incorporation; (iii) Declaration of Stock Dividends; (iv) Listing of the Perpetual Preferred Shares, Warrants and Underlying Shares; and (v) Delegation of the Board of Directors to amend of repeal the By-Laws, the affirmative vote of 2/3 of the outstanding capital stock entitled to vote is required to approve such matters.

With respect to the amendment of the By-laws, the affirmative vote of a majority of the outstanding capital stock entitled to vote is required to approve such matter.

(b) Method by which votes will be counted

Except as otherwise provided by law, each stockholder of record shall be entitled at every meeting of stockholders to one vote for each share of stock standing in his name on the stock books of the registrant, which vote may be given personally or by attorney authorized in writing. The instrument authorizing as attorney or proxy to act shall be exhibited to the Secretary if he shall so request. In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the provisions of the Corporation Code.

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

The Corporation's 18,330,500 LR shares acquired by AB Leisure Exponent, Inc., a wholly-owned subsidiary of LRWC will not be voted on as these are deemed treasury shares.

## FINANCIAL INFORMATION

In connection with the Annual Meeting of Stockholders of LRWC held on July 27, 2012, the Corporation distributed to its stockholders its Annual Report as of and for the year ending December 31, 2011(the "Annual Report") containing the information required under SRC Rule 20, Section 4, paragraph A. The said Annual Report is incorporated herein by reference.

The Corporation is distributing together with this Information Statement its Unaudited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended September 30, 2012 under SEC Form 17-Q (the "Third Quarter Report") as Annex "A."

KPMG Manabat Sanagustin & Co., served as Company's external auditors for the December 31, 2011 and 2010 Financial Statements. Their re-appointment was approved during the Company's annual stockholders' meeting held on July 27, 2012. Mr. Tomas G. Mahinay is the partner-in-charge for the Corporation's audit for the December 31, 2012 Financial Statements.

**Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

KMPG Manabat Sanagustin & Co., CPAs served as Company's external auditors for the December 31, 2011 and 2010 Financial Statements. Their re-appointment was approved during the Company's annual stockholders' meeting held on July 27, 2012.

There was no event in the past where KPMG Manabat Sanagustin & Co. had any disagreement with the Corporation with regard to any matter relating to accounting principles or practices or financial statement disclosure or auditing scope or procedure. Representatives of KPMG Manabat Sanagustin & Co. are expected to be present at the Special Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

**SIGNATURE**

*After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on February 9, 2013.*

**LEISURE & RESORTS WORLD CORPORATION**
**Issuer**

By:

**RAUL G. GERODIAS**
*Corporate Secretary*

# 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)

**Ms. Carmelita D. Chan**

(Contract Person)

**638-5496**

(Company Telephone Number)

1 2   3 1

*Month* *Day*

(Fiscal Year)

17-Q

(Form Type)

*Month* *Day*

(Annual Meeting)

**Not Applicable**

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

**Not Applicable**

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

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To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-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 September 30, 2012

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 | 999,877,094 |

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 is functioning basically as a holding company with minimal operations. The company is still 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%); (4) First Cagayan Leisure and Resort Corporation (FCLRC – 69.68% owned); (5) Bingo Bonanza (HK) Ltd. (BBL – 60% owned); and (6) Blue Chip Gaming and Leisure Corporation (BCGLC – 70% owned). Based on PFRS 3, Business Combination, LRWC has not amortized the goodwill on its investments in its subsidiaries. Instead, PFRS 3 requires for an annual test for goodwill impairment. On the basis of the test for impairment of goodwill, there is no need to provide for allowance for impairment for the third quarter of 2012.

LRWC's total operating expenses amounted to ₱7.7 million and ₱7.4 million during the third quarter of 2012 and 2011, respectively while posting a year-to-date operating expenses of ₱18.8 million as of September 30, 2012 as compared to ₱20.4 million for the same period last year. The decrease of ₱0.3 million during the third quarter of 2012 and ₱1.6 million as of September 30, 2012 are mainly attributable to the overall financial prudence implemented by the Group. The Company is concentrating its efforts towards the expansion of the Group's operations, thereby necessarily implementing its cost cutting measures to its own operations. Interest and other bank charges for the third quarter amounting to ₱14.7 million and ₱2.5 million in 2012 and 2011 correspondingly, while posting a year-to-date total of ₱17.2 million as of September 30, 2012 as compared to ₱4.3 million for the same period last year. The increase of ₱12.2 million during the third quarter of 2012 and ₱12.8 million as of September 30, 2012 are mainly due to the interest income from private placements which started in the last quarter of 2011.

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 July 5, 2012, ABLGI together with LRWC, PLAI and Belle Corporation executed a Memorandum of Agreement amending their existing agreements and allowing the participation of a foreign partner in the casino to further enhance the value of the project. With the entry of a foreign partner, it was agreed that LRWC and ABLGI will assist Belle in funding its own capital requirements in exchange for a share in the economic benefits to be derived by Belle and PLAI in the casino operation. As of the date of this report, the definite terms of the amount of investment and other terms and conditions are still being discussed by the parties and will be embodied in the final and definitive agreement.

During the annual stockholder's meeting held last July 27, 2012, the Board of Directors (BOD) approved the declaration of cash dividend, equivalent to of ₱0.04 per share payable to all common stockholders of record as of September 28, 2012 to be paid on October 23, 2012 and another cash dividend of ₱0.035 per share payable to all common stockholders of record as of February 28, 2013 to be paid on March 25, 2013.

On November 11, 2012, LRWC executed an Investment Agreement with Eco Leisure and Hospitality Holding Company, Inc. (Eco Leisure) and Hotel Enterprises of the Philippines, Inc. (HEPI) for the acquisition of fifty-one percent (51%) of the outstanding capital stock of HEPI, which owns and operates the Midas Hotel and Casino. LRWC's total investment amounted to Seven Hundred Fifty Million Pesos (₱750,000,000.00).

**ABLE Operations**
**Third Quarter 2012 vs. Third Quarter 2011**

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

*Revenues*

ABLE generated total sales of ₱935.4 million for the third quarter of 2012, a ₱30.4 million or 3.4% improvement from last year's third quarter sales of ₱905.1 million. The increase is attributable to the increase in sales of Electronic Bingo (E-Bingo) by ₱120.7 million or 41.4%. The increase was partially offset by the following decreases: (1) Traditional Bingo by ₱55.3 million or 11.0%; (2) Rapid Bingo by ₱32.3 million or 29.9%; (3) Pull Tabs by ₱1.1 million or 40.5% and (4) Instant Charity Bingo by ₱1.6 million or 98.7%.

The traditional bingo continues to be ABLE's principal product-line with a sales contribution of 47.7% to total sales in the third quarter of 2012. Sales for the third quarter of 2012 was ₱445.8 million, a decline of ₱55.3 million or 11.0% from ₱501.1 million during the same period in 2011.

E-bingo total sales for the third quarter of 2012 amounted to ₱ 412.1 million, an increase of ₱120.7 million or 41.4% from ₱291.5 million sales during the same period in 2011. Higher sales were generated because of the increase in the number of E-bingo machines as well as a higher revenues generated per machine. As of September 30, 2012, there were a total of 3,582 E-bingo machines in 59 bingo parlors as compared to 2,630 E-bingo machines in 49 bingo parlors in the third quarter of 2011.

During the third quarter of 2012, sales from Rapid bingo contributed ₱75.8 million or 8.1% to total sales as compared to ₱108.1 million or 11.9% contribution to total sales for the same period last year. There was a decline in sales amounting to ₱32.3 million or 29.9% from the third quarter of 2011. By the end of September 30, 2012, there were a total of 82 Rapid bingo terminals in 67 bingo parlors as compared to 77 Rapid bingo terminals in 61 bingo parlors for the third quarter of last year.

During the third quarter of 2012, Pull Tabs contributed ₱1.6 million as compared to ₱ 2.7 million for the same period last year.

At the beginning of the third quarter of 2012, sales of the ICBG2 scratch cards were discontinued. However, there were a few bingo outlets, which sold ₱0.02 million during the third quarter of 2012 as compared to ₱1.6 million for the same period last year. ICBG2 scratch cards will be replaced with new game variants such as Bingo Express and Bingo Lotto in the future.

Overall, the improvement in sales of E-Bingo more than covered for the decrease in sales of the other bingo products.

*Expenses*

ABLE's consolidated costs and operating expenses for the third quarter of 2012 of ₱535.3 million decreased by ₱42.6 million or 7.4% from ₱577.9 million in 2011. The decrease is mainly attributable to the following: (1) Payout by ₱42.1 million or 11.7% mainly due to the implementation of new gaming programs; (2) Cards & Supplies by ₱3.3 million or 32.2% due to the decrease in sales of Traditional Bingo; (3) Employees Benefits by ₱9.2 million or 39.0%; (4) Communication and Utilities by ₱5.2 million or 13.6% and (5) "Others – Net" by ₱1.4 million or 12.0% 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) Rental by ₱7.7 million or 15.0%; (2) Salaries and Wages by ₱6.6 million or 18.9%; (3) Depreciation by ₱2.7 million or 18.7% and (4) Taxes and Licenses by ₱1.5 million or 30.4%. Interest and other bank charges for the quarter amounted to ₱2.4 million for a ₱0.9 million or 26.2% decrease from last year's ₱3.3 million due to substantial loan principal payments.

*Corporate Income Tax*

Effective November 1, 2005, Republic Act No. (R.A.) 9337, "An Act Amending the National Internal Revenue Code, as Amended, with Salient Features," particularly Section 27 (c) , excluded PAGCOR from the provision which identifies government-owned or controlled corporations or agencies exempted from the thirty five percent (35%) corporate income tax.

The management believes that ABLE's payment of 5% Franchise Tax to the Bureau of Internal Revenue (BIR) is effectively equivalent to the payment of corporate income tax. Based on consultations with tax advisers, the management also believes that the collection of income tax in addition to the 5% Franchise Tax has no legal basis.

Pursuant to P.D. 1869, also known as PAGCOR Charter and as amended by R.A. 9487, the 5% Franchise Tax shall be in lieu of all kinds of taxes, incurred or otherwise, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority. This exemption inures to the benefits of corporations, associations, agencies or otherwise, or individuals with whom PAGCOR has a contractual relationship in connection with the operations of casinos under the PAGCOR Franchise. Thus, the exemption referred to under PD 1869 is extended to its Bingo grantees/licensees.

In accordance with PAGCOR's directives, the Company continues to abide by the provisions of P.D. 1869 (as amended by R.A. 9487) whereby it pays the 5% Franchise Tax.

In view of the above, management has not provided for provision for income tax for the third quarters of 2012 and 2011

*Net Income*

ABLE posted a consolidated net income (net of minority share) of ₱32.4 million for the third quarter of 2012, an ₱8.3 million or 34.4% increase from the ₱24.1 million net income for the same period in 2011. The improvement in net income is due mainly to the increase in revenues in conjunction with the decrease in costs and operating expenses.

**FCLRC Operations**
**Third Quarter 2012 vs. Third Quarter of 2011**

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 ₱138.2 million gross revenues for the third quarter of 2012, representing a ₱58.9 million or 74.2% increase from last year's third quarter revenues of ₱79.3 million. The improvement in revenues is mainly due to the increase in the number of operational locators – 60 for this year as against 49 last year as well as the increase in locators' revenues. Hosting fees from restrictive and interactive gaming locators contributed ₱122.1 million or 88.3% of total revenues, while license application and renewal fees accounted for ₱16.1 million or 11.7%. Hosting fees of ₱ 62.9 million during the third quarter of 2011 increased by ₱59.2 million or 94.2%, while license application fees slightly decreased by ₱0.3 million or 2.0% from ₱ 16.5 million during the same period.

FCLRC posted a net income of ₱ 62.8 million for the third quarter of 2012, a ₱17.8 million or 39.6% improvement versus last year's ₱45.0 million. Total cost and operating expenses of ₱ 37.2 million increased by ₱ 18.7 million or 101.1% from last year's figure of ₱ 18.5 million. The increase is mainly due to the Company's efforts to provide a more efficient service to its locators operating in the CSEZFP and other reasons as stated: (1) Administrative Salaries and Benefits by ₱7.2 million; (2) Rental by ₱ 0.4 million; (3) Taxes and Licenses by ₱0.06 million; and (4) "Others" Expenses by ₱15.3 million mainly due to enhanced marketing programs to attract more locators. These increases were partly offset by the following decreases primarily due to the Company's cost saving measures and overall financial prudence: (1) Professional Fees by ₱1.2 million; (2) Depreciation by ₱1.5 million and (3) Communication by ₱1.5 million. The resulting net income in the "Other Income/(Expense) account" of ₱28.0

million or an increase of ₱ 11.2 million or 66.7% from last year's resulting net income of ₱16.8 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).

**LRLDI Operations**
**Third Quarter 2012 vs. Third Quarter of 2011**

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 2012, total rental income amounted to ₱8.4 million as compared to ₱4.3 million during the same period last year. The increase of ₱4.0 million or 93.4% is attributable to the increase in number of lessees. To further improve its performance, LRLDI implemented its cost reduction scheme, thus effectively reducing its total operating expenses which amounted to ₱0.03 million during the third quarter of 2012, as compared to ₱1.9 million for the third quarter of 2011. Thus, LRLDI posted a net income of ₱6.0 million during the third quarter of 2012 as compared to ₱0.002 million during the same period last year. The improvement in net income is mainly due to the increase in rental income coupled with the substantial decrease in operating expenses.

**ABLGI Operations**
**Third Quarter 2012 vs. Third Quarter of 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 in behalf of PLAI pursuant to the provisional license issued by PAGCOR. The terms of the agreement are contained in the Operating Agreement signed by both parties on the same date. PLAI is a member of a consortium composed of SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Development Corporation, SM Commercial Properties, Inc. and PLAI (all third parties), which was granted a Provisional License by PAGCOR to establish and operate a casino to be located within the Manila Bay Reclamation Area. As operator and manager of the casino, ABLGI shall exercise supervision, direction and responsibility for the casino operations. Also under the Operating Agreement, ABLGI shall ensure the acquisition of construction of additional gaming, hotel and theater facilities and equipment.

Under the new Memorandum of Agreement dated July 5, 2012, executed between PLAI and Belle Corporation and ABLGI together with LRWC, it was agreed that LRWC and ABLGI will assist Belle in funding its own capital requirements in exchange for a share in the economic benefits to be derived by Belle and PLAI in the casino operation.

As of September 30, 2012, ABLGI has not yet started its commercial operations. However, ABLGI incurred operating expenses amounting to ₱35.0 million and ₱68.5 million in the third quarter of 2012 and 2011, respectively. These expenses are mainly attributable to the rental of land leased from Belle Corporation, professional fees and other expenses related to the casino. There was a substantial decrease in operating expenses amounting to ₱33.5 million resulting from the amended memorandum agreement between ABLGI & LRWC with PLAI and Belle Corporation last July 2012 which enabled ABLGI to minimize their operating expenses.

**BCGLC Operations**
**Third Quarter 2012 vs. Third Quarter of 2011**

The Group acquired 70% of BCGLC's outstanding capital stock on April 27, 2011. BCGLC 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).

BCGLC generated gross revenues from slot machines totaling ₱11.7 million during the third quarter of 2012 and ₱8.8 million during the same period last year. Total operating expenses amounted to ₱9.7 million and ₱7.8 million during the third quarter of 2012 and 2011, respectively. The increase in operating expenses by ₱1.9 million or 24.5% is mainly due to the increased operating hours of the casino to 24-hour operations starting February 2012 and other reasons as stated which caused the increase in the following expenses: (1) Rental by ₱0.2 million or 10% due to increase in rental rates; (2) Salaries and Wages by ₱0.06 million or 13.2%; (3) Employees' Benefits by ₱0.09 million or 38.8%; (4) Contracted Services by ₱0.3 million or 55.3% owing to the hiring of an additional consultant to boost revenues; (5) Depreciation by ₱0.08 million or 6.1% attributable to the purchase of new office furnitures; (6) Taxes and Licenses by ₱0.02 million or 22.5% due to higher municipal taxes paid; (7) Communication and Utilities by ₱0.3 million or 20.2% and (8) "Others" Expenses by ₱0.9 million or 43.1% which mainly pertains to marketing expenses necessary to increase foot traffic in the establishment and improvement of privileges given to regular and VIP players. Therefore, BCGLC contributed net income of ₱0.9 million to the Group for the third quarter of 2012 as compared to ₱0.07 million for the same period last year. The improvement in net income is mainly attributable to the increase in revenues.

**BBL Operations**
**Third Quarter 2012**

BBL was incorporated under the Companies Ordinance of Hongkong. Its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property. It started its commercial operations last March 5, 2012.

BBL generated gross revenues from its electronic bingo club operations amounting to ₱0.1 million during the third quarter of 2012. Total operating expenses amounted to ₱7.3 million. Thus, it posted a net loss of ₱7.2 million during the third quarter of 2012.

**LRWC Consolidated Net Income**

As a result of the foregoing developments, LRWC posted a consolidated net income (net of minority share) of ₱50.4 million for the third quarter of 2012, a ₱68.7 million or 376.0% improvement from the ₱18.3 million consolidated net loss of the same period last year. The increase is mainly due to the increase in net income of LRWC's core businesses ABLE and FCLRC, coupled with the increase in net income of LRLDI and the decrease in pre-operating expenses of ABLGI, partially offset by the operating losses of BBL.

**ABLE Operations**
**YTD - September 30, 2012 vs. September 30, 2011**

_Revenues_

ABLE's total year-to-date sales as of September 30, 2012 amounted to ₱2,867.4 million, an increase of ₱194.2 million or 7.3% from the ₱2,673.2 million total sales for the same period last year. The increase in sales was mainly due to the increase in sales generated from Electronic Bingo (E-Bingo) by ₱375.5 million or 47.1%. On the other hand, the increase were partially offset by the following decreases: (1) Traditional Bingo by ₱141.6 million or 9.3%; (2) Rapid Bingo by ₱28.3 million or 8.5%; (3) Pull Tabs of ₱4.7 million or 45.1% and (4) Instant Charity Bingo of ₱6.7 million or 93.3%.

The traditional bingo games remain the company's principal product-line with sales of ₱1,384.5 million or 48.3% contribution to total sales as of September 30, 2012.

The sales of E-bingo operations as of September 30, 2012 at ₱1,172.3 million or 40.9% 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 September 30, 2012, there were a total of 3,582 E-bingo machines in 59 bingo parlors, as compared to 2,630 E-bingo machines in 49 bingo parlors as of September 30, 2011.

Rapid Bingo sales as of September 30, 2012 contributed ₱304.5 million or 10.6% to total sales. By end of September 2012, a total of 82 Rapid Bingo terminals in 67 bingo parlors were installed, as compared to 77 Rapid Bingo terminals in 61 bingo parlors during the third quarter of 2011.

As of the third quarter ending September 30, 2012, Pull Tabs contributed ₱5.7 million as compared to ₱10.3 million for the same period last year.

Sales from the ICBG2 scratch cards contributed ₱0.5 million to total sales as of the third quarter of 2012 as compared to ₱7.2 million for the same period last year. Sales of ICBG2 scratch cards were discontinued at the beginning of the third quarter of 2012. It will be replaced with new game variants such as Bingo Express and Bingo Lotto in the future.

Overall, the remarkable increase in sales of E-Bingo more than covered for the decrease in sales of the other bingo products.

*Expenses*

ABLE's total operating expenses as of September 30, 2012, amounted to ₱1,684.3 million, for a ₱58.8 million or 3.4% decrease from ₱ 1,743.1 million for the same period in 2011. The decrease is mainly attributable to the following: (1) Payout by ₱81.7 million or 7.4% mainly due to the implementation of new gaming programs; (2) Cards & Supplies by ₱7.6 million or 24.0% due to the decrease in sales of Traditional Bingo and (3) Employees Benefits by ₱15.2 million or 21.0% due 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 and as stated as follows: (1) Rental by ₱19.0 million or 12.6%; (2) Salaries and Wages by ₱5.8 million or 5.6%; (3) Depreciation by ₱12.8 million or 31.4%; (4)Taxes and licenses by ₱3.7 million or 21.8% and (5) "Others - Net" Expenses by ₱3.1 million or 9.7% owing to enhanced marketing activities for programmed bingo games. Interest and other bank charges amounted to ₱8.0 million both for the third quarters ended September 30, 2012 and September 30, 2011.

*Corporate Income Tax*

Management has not provided for provision for income tax as discussed above in the quarterly analysis.

*Net Income*

As of September 30, 2012, ABLE posted a net income (net of minority share) of ₱102.2 million, a ₱32.9 million or 47.6% improvement from the ₱69.2 million net income for the same period last year. The increase is mainly due to the increase in revenues coupled with the decrease in total costs and operating expenses.

**FCLRC Operations**

**YTD - September 30, 2012 vs. September 30, 2011**

FCLRC's gross revenues as of September 30, 2012 was ₱427.6 million, an increase of ₱194.3 million or 83.3% from last year's figures of ₱233.3 million. The improvement of revenues is mainly due to the increase in the revenues of locators as well as the increase in the number of operating locators.

*Net Income*

FCLRC posted a net income of ₱ 183.2 million as of the third quarter of 2012, a ₱70.5 million or 62.5% increase versus last year's ₱112.7 million.

Total costs and operating expenses of ₱109.8 million increased by ₱49.9 million or 83.2% from last year's figure of ₱ 59.9 million. The increase is mainly due to the Company's efforts to provide a more efficient service to its locators operating in the CSEZFP and other reasons as stated: (1) Administrative Salaries and Benefits by ₱12.2 million or 71.3%; (2) Rental by ₱1.3 million or 12.6%; (3) Professional Fees by ₱4.0 million or 41.9% due to hiring of consultants to establish marketing programs to generate additional revenues for the locators; (4) Taxes and licenses by ₱0.2 million or 79.4% due to higher taxes paid and (5)"Others" Expenses by ₱35.9 million mainly due to enhanced marketing programs to attract more locators. These increases were partly offset by the decreases in the following expenses: (1) Depreciation by ₱1.8 million or 11.8% and (2) Communication by ₱1.8 million or 29.4%

primarily due to the Company's cost saving measures and overall financial prudence. The resulting net income in the "Other Income/(Expense) account" of ₱59.8 million or an increase of ₱26.7 million or 80.7% from last year's resulting net income of ₱33.1 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).

**LRLDI Operations**
**YTD – September 30, 2012 vs. September 30, 2011**

LRLDI's total revenues as of September 30, 2012 amounted to ₱13.0 million as compared to ₱12.9 million during the same period last year. The slight improvement is attributable to the increase in number of lessees partially offset by rental discounts given to certain lessees. Total operating expenses amounted to ₱0.6 million and ₱6.0 million as of September 30, 2012 and September 30, 2011, respectively. The decline in operating expenses is mainly attributable to the reclassification of Depreciation Expense from operating expense in 2011 to direct expense in 2012.

LRLDI posted a net income of ₱6.0 million as of the third quarter of 2012 and ₱3.7 million during the same period last year. The improvement in net income of ₱2.3 million or 63.6% is mainly due to the accrual of interest from LRWC's advances to LRLDI as of the third quarter of 2011.

**ABLGI Operations**
**YTD – September 30, 2012 vs. September 30 2011**

As of September 30, 2012, ABLGI has not yet started its commercial operations. However, ABLGI already incurred operating expenses amounting to ₱115.8 million and ₱114.9 million as of the third quarter of 2012 and 2011, respectively. These expenses are mainly attributable to the rental of land leased from Belle Corporation, professional fees and other expense related to the casino.

**BCGLC Operations**
**YTD – September 30, 2012 vs. September 30 2011**

BCGLC generated gross revenues from slot machines totaling ₱36.6 million as of the third quarter of 2012 and ₱15.1 million as of the same period last year. Total operating expenses amounted to ₱27.9 million and ₱13.1 million as of the third quarter of 2012 and 2011, respectively. The increase in operating expenses by ₱14.8 million is primarily due to the increased operating hours of the casino to 24 hour-operation starting February 2012 and other reasons as stated which caused the increase in the following expenses: (1) Rental by ₱2.8 million due to increase in rental rates; (2) Salaries and Wages by ₱0.9 million; (3) Employees' Benefits by ₱0.5 million; (4) Contracted Services by ₱1.6 million owing to the hiring of an additional consultant to boost revenues; (5) Depreciation of ₱1.8 million attributable to the purchase of new office furnitures; (6) Taxes and Licenses of ₱0.1 million due to higher municipal taxes paid; (7) Communication and Utilities of ₱2.7 million and (8) "Others" Expenses of ₱4.2 million which mainly pertains to marketing expenses necessary to increase foot traffic in the establishment and improvement of privileges given to regular and VIP players.

As a result of the foregoing, BCGLC contributed net income of ₱5.3 million to the Group as of the third quarter of 2012 and ₱0.3 million for the same period last year.

**BBL Operations**
**YTD – September 30, 2012**

As of the third quarter of 2012, BBL generated gross revenues from its electronic bingo club operations amounting to ₱0.4 million. Year-to-date operating expenses amounted to ₱24.5 million. Thus, it posted a net loss of ₱24.1 million as of September 30, 2012.

**LRWC Consolidated Net Income**

LRWC posted a consolidated net income (net of minority share) of ₱107.6 million, a ₱95.3 million or 775.41% improvement from the ₱12.3 million consolidated net income for the same period last year. This is mainly due to the increase in net income of LRWC's core businesses, ABLE and FCLRC coupled with the increase in net income of LRLDI inspite of the operating losses of BBL and the accrual of the expense for ABLGI.

**Financial Condition – September 30, 2012 vs. December 31, 2011**

On a consolidated basis, the Balance Sheet of Leisure & Resorts World Corporation (LRWC) and its subsidiaries, ABLE, FCLRC, LRLDI, BCGLC, ABLGI and BBL, continue to improve. Total assets as of September 30, 2012 amounted to ₱3,871.6 million increased by ₱169.2 million or 4.6% from ₱3,702.4 million as of December 31, 2011. Increases in assets are attributable to the following: (1) Receivables - Net by ₱22.0 million mainly attributable to ABLE's advances for expansion projects that is projected to generate more revenues partially offset with the decrease in FCLRC's receivables due to substantial collection; (2) Property and Equipment - Net by ₱25.6 million mainly due to ABLGI's casino project coupled with ABLE's opening of new bingo parlors and FCLRC's construction of additional facilities for its staff and locators, (3) Investment and Advances - Net by ₱48.4 million mainly due to several on-going projects which will benefit the Group in the future and (4) Other Non-Current Assets by ₱80.2 million due to LRLDI's advances to CPVDC and CLPDC to finance the construction and development of CSEZFP International Airport in Cagayan coupled with ABLE's rental deposits, cash and performance bonds related to its expansion projects, partially offset by the decrease in Due from Related Parties – Net by ₱28.2 million attributable to ABLE's to reclassification of accounts.

Total Liabilities increased due to the following: (1) Trade and Other Payables by ₱118.7 million mainly attributable to FCLRC's liability to CEZA and ABLGI's liability to various suppliers including rent & tax accruals, (2) Finance Lease Payable (net of current and long term) by ₱8.2 million mainly attributable to ABLE's acquisition of transportation equipment, (3) Long Term Loans Payable (net of current portion) by ₱5.2 million due to ABLE's increase in loan borrowings; (4)Rent Deposit by ₱1.2 million because of LRLDI's renewal of lease agreement and (5) Retirement Liability by ₱6.1 million owing to ABLE and FCLRC's accrual of retirement obligation. These increases were partially offset by the following decreases: (1) Short Term Loans Payable by ₱36.6 million owing to ABLE's partial loan principal payments and (2) Income Tax Payable by ₱2.5 million due to FCLRC's varying accrual periods.

**Cash Flows – Nine Months Ended September 30, 2012 vs. September 30, 2011**

Cash balance as of September 30, 2012 of ₱969.9 million increased by ₱ 17.3 million or 1.8% from ₱952.6 million for the same period last year; the increase is mainly due to cash from operating activities arising from ABLE and FCLRC's increase in revenues.

**Key Performance Indicators**

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

| | As Of | |
|---|---|---|
| | September 30, 2012 | December 31, 2011 |
| *Liquidity* | | |
| Current Ratio | 165% | 181% |
| *Leverage Ratio* | | |
| Debt to Equity | 37% | 34% |

| | For the Nine Months Ended | |
|---|---|---|
| | September 30, 2012 | September 30, 2011 |
| *Profitability Ratio* | | |
| Rate of Payout to Net Revenue | 49.2% | 55.5% |
| Return on Average Equity | 7.7% | 0.5% |
| Return on Average Assets | 5.5% | 0.4% |
| *Solvency Ratio* | 18.3% | 9.0% |
| *Interest Coverage Ratio* | 5.2 | 1.7 |

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

| Key Performance Indicators | |
|---|---|
| **Current Ratio** | Current Assets / Current Liabilities |
| **Debt to Equity Ratio** | Total Liabilities / Stockholders' Equity |
| **Payout Turn-over** | Net Revenues / Payout |
| **Return on Average Equity** | Net Income / Average Equity |
| **Return on Average Assets** | Net Income / Average Total Assets |
| **Solvency Ratio** | Net Income + Depreciation / Total Liabilities |
| **Interest Coverage Ratio** | Income Before Interest & Tax / Interest Expense |

***Financial Instruments***

Financial assets comprise cash and cash equivalents, receivables, due from related parties, advances to related and non-related parties, venue rental and other deposits and cash and performance bonds. Financial liabilities consist of trade and other payables, due to related parties, rent deposit and short-term and long-term loans payable.

***Date of Recognition.*** The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and de-recognition, as applicable, is done using settlement date accounting.

***Initial Recognition of Financial Instruments.*** Financial instruments are recognized initially at fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes directly attributable transaction costs.

Subsequent to initial recognition, the Group classifies its financial assets in the following categories: held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, FVPL financial assets, and loans and receivables. The Group classifies its financial liabilities as either FVPL financial liabilities or other financial liabilities. The classification depends on the purpose for which the financial assets are acquired or the financial liabilities are incurred, and whether the instruments are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group has no HTM investments, AFS financial assets, and FVPL financial assets and liabilities as of as the end of the third quarters of 2012 and 2011 respectively.

***Determination of Fair Value.*** The fair value of financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flows method, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

**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.

On August 12, 2012, the BOD created a Risk Oversight Committee which will be responsible for overseeing and managing risks that the Corporation may encounter. They will develop appropriate strategies and measures to avoid or at least minimize such risks, incorporating the Group's established risk management policies.

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, 2012 and December 31, 2011, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

| | **09/30/2012** | **12/31/2011** |
|---|---|---|
| Cash in bank | ₽ 969,929,553 | ₽ 944,275,312 |
| Receivables - Net * | 388,531,647 | 366,538,712 |
| Due from related parties – Net* | 6,222,786 | 34,424,250 |
| Other assets – Net* | 857,466,923 | 777,291,451 |
| | ₽2,222,150,909 | ₽ 2,122,529,725 |

**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 BOD has established a credit policy under which each new advanced amount requested by customer/counterparties within the same gaming industry is analyzed individually for creditworthiness before standard credit terms and conditions are granted. The Group's review includes the requirements of updated credit application documents, credit verifications through the use of no negative record requests and list of blacklisted accounts, and analyses of financial performance to ensure credit capacity. The status of each account is first checked before advances are approved.

Most of the Group's customers have been transacting with the Group for several years, and losses have occurred from time to time. Results of credit reviews are grouped and summarized according to credit characteristics, such as aging profiles and credit violations.

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of receivables 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.

<u>Market Risk</u>

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

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

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

The Group minimizes its exposure to risks in changes in rental rates by entering into contracts with lessors with 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 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 2012. 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 2012**

As in previous years, 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 bingo outlets with 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 following 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.

ABLGI, as a result of the amendment of the agreement among LRWC, ABLGI, PLAI and Belle Corporation making way for the participation of a foreign partner in the casino project, will assist Belle Corporation in the funding of its own capital requirements in exchange for a share in the economic benefits to be derived by Belle and PLAI in the casino operation. As of the date of this report, the definite terms of the amount of investment and other terms and conditions are still being discussed by the parties and will be embodied in the final and definitive agreement.

BBL has initiated sales and marketing projects to boost membership sign-ups and sales.

LRWC through its investment in Hotel Enterprises of the Philippines, Inc. (HEPI), plans to strengthen and enhance the operations of Midas Hotel and Casino.

**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: 11/14/12

Signature and Title: CARMELITA D. CHAN, Treasurer

Date: 11/14/12

Signature and Title: MILAGROS P. MIRANDA, Finance Manager

Date: 11/14/12

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

| | | 30-Sep-12 (Unaudited) | 31-Dec-11 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | Schedule 1 | 969,929,553 | 944,275,312 |
| Receivables - net | Schedule 2 | 388,531,647 | 366,538,712 |
| Bingo cards | | 17,124,582 | 17,707,392 |
| Prepaid expenses and other current assets | Schedule 3 | 220,127,251 | 218,092,976 |
| Due from related parties | Schedule 2 | 6,222,786 | 34,424,250 |
| **Total Current Assets** | | **1,601,935,820** | **1,581,038,642** |
| Property and equipment - net | Schedule 4 | 429,466,628 | 403,903,285 |
| Investment property | Schedule 5 | 122,818,491 | 128,655,680 |
| Investments and advances - net | Schedule 6 | 249,057,807 | 200,613,926 |
| Deferred tax assets | | 64,536,733 | 64,536,733 |
| Goodwill - net | | 546,318,689 | 546,318,689 |
| Other assets - net | Schedule 7 | 857,466,923 | 777,291,451 |
| **Total Noncurrent Assets** | | **2,269,665,272** | **2,121,319,764** |
| **TOTAL ASSETS** | | **3,871,601,091** | **3,702,358,406** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | Schedule 8 | 852,067,972 | 733,376,679 |
| Short-term loans payable | Schedule 10 | 63,075,846 | 99,677,716 |
| Current portion of long-term loans payable | Schedule 10 | 39,915,060 | 24,255,696 |
| Current portion of obligations under finance lease | | 4,571,336 | 1,300,698 |
| Income tax payable | | 3,592,113 | 6,062,627 |
| Due to related party | Schedule 9 | 9,070,691 | 9,070,691 |
| **Total Current Liabilities** | | **972,293,019** | **873,744,107** |
| **Noncurrent Liabilities** | | | |
| Long-term loans payable - net of current portion | Schedule 10 | 21,206,962 | 31,710,900 |
| Retirement benefits liability | | 42,686,782 | 36,632,288 |
| Rent deposit | | 5,351,800 | 4,111,800 |
| Obligations under finance lease - net of current portion | | 5,575,341 | 625,242 |
| **Total Noncurrent Liabilities** | | **74,820,884** | **73,080,230** |
| **Stockholders' Equity** | | | |
| Common Stock - P 1 par value | | | |
| Authorized - 1,600,000,000 shares | | | |
| Issued - 999,877,094 shares | | 999,877,094 | 999,877,094 |
| Additional paid-in capital | | 1,114,028,556 | 1,114,028,555 |
| Translation gain (loss) | | (171,206) | 11,839 |
| Retained earnings | | 583,941,613 | 516,381,581 |
| Treasury shares | | (18,694,937) | (18,694,937) |
| | | **2,678,981,120** | **2,611,604,132** |
| **Non-controlling Interest** | | **145,506,069** | **143,929,937** |
| **TOTAL STOCKHOLDERS' EQUITY** | | **2,824,487,188** | **2,755,534,069** |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | | **3,871,601,091** | **3,702,358,406** |

**LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**Unaudited**

| | For the Nine Months Ended September 30 | | For the Three Months Ended September 30 | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| **REVENUES** | | | | |
| Traditional bingo | **1,384,499,624** | 1,526,058,266 | **445,519,807** | 501,139,958 |
| Electronic bingo - net | **1,172,695,121** | 796,795,005 | **412,570,461** | 291,468,512 |
| Rapid bingo - net | **304,512,772** | 332,839,578 | **75,827,776** | 108,135,330 |
| Service and hosting fees | **427,632,258** | 233,322,897 | **138,234,897** | 79,339,151 |
| Pull tabs | **5,675,290** | 10,332,640 | **1,625,830** | 2,730,420 |
| Instant charity bingo | **482,033** | 7,192,120 | **21,455** | 1,597,400 |
| Slot machines | **36,620,479** | 15,064,487 | **11,738,674** | 8,814,421 |
| Rental income | **12,969,765** | 12,941,344 | **8,362,300** | 4,323,255 |
| | **3,345,087,341** | 2,934,546,336 | **1,093,901,199** | 997,548,446 |
| **FRANCHISE FEES AND TAXES AND OTHER DIRECT COSTS** | **1,264,739,956** | 944,030,549 | **429,287,548** | 332,030,743 |
| **NET REVENUES** | **2,080,347,385** | 1,990,515,787 | **664,613,651** | 665,517,703 |
| **COSTS AND OPERATING EXPENSES** | | | | |
| Payout | **1,023,754,232** | 1,105,303,679 | **319,139,303** | 361,172,500 |
| Rentals | **268,212,809** | 180,612,636 | **90,984,519** | 65,251,728 |
| Salaries and wages | **155,095,609** | 129,511,749 | **56,487,138** | 41,255,102 |
| Communication and utilities | **122,800,883** | 121,116,600 | **36,951,264** | 41,960,629 |
| Contracted services | **117,661,201** | 179,366,837 | **41,120,799** | 92,795,466 |
| Employee benefits | **60,881,338** | 76,298,527 | **15,190,110** | 24,328,204 |
| Depreciation and amortization | **84,588,358** | 62,778,415 | **27,341,217** | 24,228,104 |
| Bingo cards and supplies | **24,149,610** | 31,774,744 | **7,030,811** | 10,370,709 |
| Taxes and licenses | **22,253,354** | 18,533,265 | **6,729,997** | 5,938,377 |
| Others | **102,271,952** | 52,168,191 | **31,316,590** | 15,199,673 |
| | **1,981,669,347** | 1,957,464,643 | **632,291,748** | 682,500,493 |
| **OPERATING INCOME** | **98,678,038** | 33,051,144 | **32,321,903** | (16,982,789) |
| **OTHER INCOME (EXPENSE)** | | | | |
| Equity in net earnings of a joint venture | **31,798,512** | 16,410,420 | **12,351,776** | 6,010,817 |
| Finance income (expense) - net | **37,088,190** | 1,341,392 | **27,821,092** | 7,532,823 |
| Foreign exchange loss | **-** | (37,552) | **-** | - |
| | **68,886,702** | 17,714,260 | **40,172,868** | 13,543,640 |
| **INCOME BEFORE INCOME TAX** | **167,564,740** | 50,765,404 | **72,494,771** | (3,439,150) |
| **INCOME TAX EXPENSE** | **12,953,494** | 4,028,543 | **5,482,975** | 1,245,530 |
| **NET INCOME** | **154,611,246** | 46,736,861 | **67,011,797** | (4,684,679) |
| **OTHER COMPREHENSIVE INCOME** | | | | |
| Foreign currency translation gain (loss) | **(183,045)** | - | **(285,984)** | - |
| **TOTAL COMPREHENSIVE INCOME** | **154,428,202** | 46,736,861 | **66,725,812** | (4,684,679) |
| | | | | |
| **Attributable to:** | | | | |
| **Owners of the Parent Company** | **107,555,115** | 12,286,203 | **50,412,257** | (18,264,642) |
| **Non-controlling interest** | **47,056,132** | 34,450,658 | **16,599,540** | 13,579,963 |
| | **154,611,246** | 46,736,861 | **67,011,797** | (4,684,679) |
| **EARNINGS PER SHARE** | **0.108** | 0.014 | **0.050** | (0.021) |
| | | | | |
| **INCOME PER SHARE IS COMPUTED AS FOLLOWS:** | | | | |
| a) Income attributable to the equity holders of the Parent Company | **107,555,115** | 12,286,203 | **50,412,257** | (18,264,642) |
| b) Weighted average number of shares outstanding | **999,877,094** | 866,543,761 | **999,877,094** | 866,543,761 |
| c) Basis (a/b) | **0.108** | 0.014 | **0.050** | (0.021) |

**LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**Unaudited**

| | **For the Nine Months Ended September 30, 2012** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Capital Stock** | **Additional Paid-in Capital** | **Retained Earnings** | **Functional Currency Transalation Reserve** | **Treasury Shares** | **Minority Interests** | **Total** |
| Balance at beginning of the period | **999,877,094** | **1,114,028,555** | **516,381,581** | **11,839** | **(18,694,937)** | **143,929,937** | **2,755,534,069** |
| Cash dividend | | | **(39,995,084)** | | | | **(39,995,084)** |
| Translation gain (loss) during the period | | | | **(183,045)** | | | **(183,045)** |
| Minority interests | | | | | | **1,576,132** | **1,576,132** |
| Net income for the period | | | **107,555,115** | | | | **107,555,115** |
| Balance at end of the period | **999,877,094** | **1,114,028,555** | **583,941,612** | **(171,206)** | **(18,694,937)** | **145,506,069** | **2,824,487,188** |

| | For the Nine Months Ended September 30, 2011 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Capital Stock | Additional Paid-in Capital | Retained Earnings | Functional Currency Transalation Reserve | Treasury Shares | Minority Interests | Total |
| Balance at beginning of the period | 849,877,094 | 128,881,859 | 625,861,621 | 0 | (20,785,694) | 106,426,042 | 1,690,260,922 |
| APIC | | 975,000,000 | | | | | 975,000,000 |
| APIC - treasury shares | | 4,447,453 | | | | | 4,447,453 |
| Issuance of capital stock | 150,000,000 | | | | | | 150,000,000 |
| Disposal for the period | | | | | 7,790,000 | | 7,790,000 |
| Cash dividend | | | (79,990,168) | | | | (79,990,168) |
| Minority interests | | | | | | 31,375,297 | 31,375,297 |
| Net income for the period | | | 12,286,203 | | | | 12,286,203 |
| Balance at end of the period | 999,877,094 | 1,108,329,312 | 558,157,657 | 0 | (12,995,694) | 137,801,339 | 2,791,169,708 |

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

| | For the Nine Months Ended 30-Sep-12 | 30-Sep-11 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Income before franchise fees and taxes | **1,366,270,337** | 956,316,752 |
| Adjustments for: | | |
| Depreciation | **84,588,358** | 62,778,415 |
| Equity in net income of a joint venture | **(31,798,512)** | (16,410,420) |
| Interest expense | **(37,088,190)** | (1,341,392) |
| Operating income before working capital changes | **1,381,971,996** | 1,001,343,355 |
| Decrease (increase) in: | | |
| Receivables | **(21,992,935)** | (70,179,808) |
| Bingo cards | **582,810** | (3,903,464) |
| Prepaid expenses and other current assets | **(2,034,275)** | (34,004,887) |
| Increase (decrease) in: | | |
| Trade and other payables | **118,691,293** | 130,602,978 |
| Income tax payable | **(2,470,514)** | (1,640,879) |
| Rent deposit | **1,240,000** | 1,179,000 |
| Retirement benefits liability | **6,054,494** | 4,050,000 |
| Cash generated from operations | **1,482,042,868** | 1,027,446,296 |
| Interest paid | **37,088,190** | 1,341,392 |
| Franchise fees and taxes paid | **(1,258,715,223)** | (944,030,549) |
| Net cash from operating activities | **260,415,835** | 84,757,140 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Additions to property and equipment | **(110,151,702)** | (152,164,135) |
| Additions to investment property | **5,837,189** | (8,716,256) |
| Decrease (increase) in investment and advances | **(16,645,369)** | (10,775,451) |
| Decrease (increase) in due from related parties | **28,201,464** | (40,430,922) |
| Decrease (increase) in goodwill | **(0)** | (15,254,006) |
| Decrease (increase ) in other noncurrent assets | **(80,175,472)** | (51,455,993) |
| Net cash used in investing activities | **(172,933,890)** | (278,796,764) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Availment (payment) of loans payable | **(31,446,444)** | (39,145,526) |
| Availment (payment) of obligations under finance lease | **8,220,737** | (4,370,300) |
| Dividends | **(39,995,084)** | (79,990,168) |
| Disposal (acquisitions) of treasury shares | **(0)** | 7,790,000 |
| Issuance of capital stock | **-** | 150,000,000 |
| Additional paid-in capital | **-** | 975,000,000 |
| Additional paid-in capital - treasury shares | **-** | 4,447,453 |
| Translation gain (loss) | **(183,045)** | - |
| Increase in non-controlling interest | **1,576,132** | 31,375,297 |
| Net cash provided (used) in financing activities | **(61,827,704)** | 1,045,106,756 |
| **NET INCREASE (DECREASE) IN CASH** | **25,654,241** | 851,067,132 |
| **CASH AT BEGINNING OF PERIOD** | **944,275,312** | 101,562,325 |
| **CASH AT END OF PERIOD** | **969,929,553** | 952,629,457 |

**LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES**
**Attachments to Unaudited Consolidated Financial Statements**
**As of September 30, 2012**

**Schedule 1 - Cash and Cash Equivalents**

| | |
|---|---|
| Cash on hand and in banks | 969,929,553 |
| | **969,929,553** |

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

| | |
|---|---|
| Prepaid expenses | 61,186,368 |
| Advances to contractors | 108,367,653 |
| Advances to suppliers | 13,867,110 |
| Input VAT | 35,633,592 |
| Other current assets | 1,072,529 |
| | **220,127,251** |

**Schedule 4 - Property and Equipment**

| | |
|---|---|
| Leasehold improvements | 478,868,289 |
| Bingo equipment & paraphernalia | 39,195,628 |
| Office furnitures, fixtures and equipment | 194,432,826 |
| Condominium unit | 6,791,748 |
| Aircraft and transportation equipment | 129,674,149 |
| Total | 848,962,640 |
| Less: Accumulated depreciation | (419,496,012) |
| Net | **429,466,628** |

**Schedule 5 - Investment Property**

| | |
|---|---|
| Building | 79,769,009 |
| Construction in progress | 59,200,333 |
| Total | 138,969,342 |
| Less: Accumulated depreciation | (16,150,851) |
| Net | **122,818,491** |

**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)* | 15,000,000 |
| | 15,000,000 |
| 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) | 55,781,132 |
| Net equity in earnings (losses) for the quarter | |
| BLRI (Associate) | - |
| FCCDCI (Joint Venture) | 31,798,512 |
| Balance at end of the period | |
| BLRI (Associate) | (26,303,101) |
| FCCDCI (Joint Venture) | 87,579,644 |
| | 61,276,543 |
| | 97,476,543 |
| Advances | |
| Bindondo Leisure Resources, Inc. (BLRI) | 182,628,383 |
| Allowance for Impairment | (45,850,992) |
| First Cagayan Converge (FC Converge) | 14,047,373 |
| Investments - at cost | 756,500 |
| | **249,057,807** |

**Schedule 7 - Other Noncurrent Assets**

| | |
|---|---:|
| Advances to Cagayan Premium Ventures Inc. (CPVDC) | 459,033,305 |
| Land rights | 101,567,814 |
| Airstrip improvements - net of amortization | 71,564,593 |
| Venue rental deposits and other deposits | 140,011,960 |
| Cash and performance bonds | 36,260,400 |
| Advance regulatory fee on Instant Game | 14,952,986 |
| Advances to Cagayan Land Property Development Corporation (CLPDC) | 14,671,675 |
| Deposit for future stock subscription (AB Fiber) | 12,450,000 |
| Operating licenses | 4,253,690 |
| Others | 2,700,500 |
| | **857,466,923** |

**Schedule 8 - Trade and Other Payables**

| | |
|---|---:|
| Payable to CEZA | 264,643,599 |
| Unearned hosting fees | 88,377,876 |
| Payable to PAGCOR | 23,773,489 |
| Venue rental payable | 24,536,189 |
| Cards and supplies | 5,452,889 |
| Capital expenditures | 5,966,113 |
| Accrued expenses and other payables (arising from normal business operations | 439,317,819 |
| | **852,067,973** |

**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 | 31,075,846 |
| BDO | 32,000,000 |
| **Total Short-term** | **63,075,846** |
| Long-term Loans Payable | |
| Current Portion | |
| BDO | 39,915,060 |
| Noncurrent Portion | |
| BDO | 21,206,962 |
| **Total Long-term** | **61,122,022** |

**LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES**
**Attachments to Uanaudited Consolidated Financial Statements**
**Schedule 2-Receivables**
**As of September 30, 2012**

**1.) Aging of Accounts Receivables**

| | | TOTAL | 1-3 Months | 4-6 Months | 7 months to 1 year | 1 year and above | Neither past due nor impaired |
|---|---|---|---|---|---|---|---|
| **Type of Accounts Receivabe** | | | | | | | |
| **a.)** | **Trade Receivables** | | | | | | |
| | 1.) Rent Receivable | 21,602,551 | 10,009,314 | 4,039,045 | 5,329,068 | 2,225,126 | - |
| | 2.) Receivable from Locators | 152,304,789 | 112,976,891 | 23,171,620 | 16,156,278 | - | - |
| | 3.) Others | 800 | - | - | 800 | - | - |
| | | **173,908,140** | **122,986,205** | **27,210,665** | **21,486,145** | **2,225,126** | **-** |
| **b.)** | **Non-Trade Receivables** | | | | | | |
| | 1.) Advances to non-consolidated affiliates | - | - | - | - | - | - |
| | 2.) Advances to employees | 105,015,278 | 14,474,053 | 16,380,517 | 2,122,940 | 9,557,070 | 62,480,698 |
| | 3.) Others | 109,608,230 | 28,557,069 | 3,934,613 | 23,227,399 | 53,889,148 | - |
| | | **214,623,507** | **43,031,122** | **20,315,130** | **25,350,339** | **63,446,218** | **62,480,698** |
| | **Total Receivables** | **388,531,647** | | | | | |
| **c.)** | **Receivables from Related Parties** | | | | | | |
| | 1.) Vinta Gaming Corporation | 2,623,250 | 2,864 | - | 296,711 | 2,323,674 | - |
| | 2.) First Cagayan Converge Data Center Inc. | 378,947 | 284,211 | 94,737 | - | - | - |
| | 3.) Insular Gaming Corporation | 3,220,589 | 2,355,573 | 310,714 | 554,302 | - | - |
| | | **6,222,786** | | | | | |
| **Net Receivables** | | **394,754,433** | | | | | |

**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 - Insualr 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 |
| 6.) | 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, 2012**

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 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 subsidiary which 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). On March 15, 2010, LRWC incorporated Bingo Bonanza Limited (BBL), as its 60%-owned subsidiary. Its primary purpose is to engage in the business of gaming, recreation, leisure and lease of property. BBL was incorporated under the Companies Ordinance of Hongkong.

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 27, 2012, the Board of Directors (BOD) approved the declarations of cash dividend equivalent to: a) P 0.04 per share payable to all common stockholders of record as of September 28, 2012 paid on October 23, 2012, and b) P 0.035 per share payable to all common stockholders of record as of February 28, 2013 paid on March 25, 2013.

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 five Subsidiaries, ABLE, a professional in bingo gaming in the Philippines, operates sixty one (61) 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, BCGLC, operator of slot arcade in Bacolor, Pampanga, under a license issued by PAGCOR and BBL, engage in the business of gaming, recreation, leisure and lease of property in Hongkong.

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. 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.