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(Company's Full Name)

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

Ms. Carmelita D. Chan

(Contract Person)

638-5496

(Company Telephone Number)

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Month Day
(Fiscal Year)

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(Form Type)

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Month Day
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2013
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 first quarter of 2013.

LRWC's total operating expenses amounted to ₱12.8 million and ₱6.8 million during the first quarter of 2013 and 2012, respectively. The increase of ₱6.0 million is mainly attributable to the hiring of several management consultants, and cost of training given to key management personnel. Due to the rapid expansion of the Group's operations, management has determined the need to provide for effective tools for a more efficient and competent organization.

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

In 2012, ABLGI, LRWC, PLAI and Belle Corporation entered into a Memorandum of Agreement amending the previous operating agreement to allow the entrance and participation of a foreign partner. In exchange, ABLGI would have a direct interest in the economic benefits to be derived by Belle Corporation and PLAI from the casino operations, particularly 30% of the fixed yearly income generated from the leasing of all commercial spaces in the Casino Project, inclusive of the hotel, retail and casino premises.

ABLE Operations

First Quarter 2013 vs. First Quarter 2012

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 ₱990.8 million for the first quarter of 2013, an ₱18.7 million or 1.9% growth from the ₱972.1 million total sales for the same period in 2012. The increase in total sales is due to the increase in sales of Electronic Bingo, partly offset by the decrease in the sales of Traditional Bingo, Rapid Bingo and Pull Tabs.

The traditional bingo was the Company's principal product line last year with a sales contribution in the first quarter of 49.9% to total sales. However, this year's total sales contribution of 42.9% brought about its drop to second place. Sales for the first quarter of 2013 was ₱425.1 million, a decrease of ₱60.0 million or 12.4% from ₱485.1 million during the same period in 2012.

Sales increase faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. E-bingo contributed 47.6% to total sales for the first quarter of 2013, amounting to ₱ 471.4 million. There is an increase of ₱100.2 million or 27.0% from ₱371.2 million sales during the same period in 2012. The growth in sales was due to the opening of several new bingo outlets. As of March 31, 2013, there were a total of 4,291 E-bingo machines in 68 bingo parlors as compared to 3,146 E-bingo machines in 54 bingo parlors in the first quarter of 2012.

Rapid bingo total sales contributed ₱93.4 million or 9.4% to total sales for the first quarter of 2013 as compared to ₱113.2 million or 11.6% contribution to total sales for the same period last year. There was a decrease of ₱19.8 million or 17.5% from the first quarter of 2012. By the end of March 31, 2013, there were a total of 82 Rapid bingo terminals in 71 bingo parlors as compared to 78 Rapid bingo terminals in 63 bingo parlors for the first quarter of last year.

During the first quarter of 2013, Pull Tabs contributed ₱1.0 million as compared to ₱2.2 million for the same period last year.

At the beginning of the third quarter of 2012, sales of the ICBG2 scratch cards were discontinued. It will be replaced with new game variants in the future. Sales during the first quarter of 2012 amounted to ₱0.4 million.

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 first quarter of 2013 of ₱557.1 million decreased by ₱24.9 million or 4.3% from ₱582.0 million in 2012. The decrease in expenses can be attributed to the following: (1) Payout of ₱26.4 million or 7.5% mainly due to the implementation of new gaming programs; (2) Employees' Benefit of ₱7.9 million or 32.0%; (3) "Others – Net" account of ₱4.3 million or 32.7% both due to management's continuous implementation of ABLE's cost reduction program and (4) Cards and Supplies of ₱4.3 million or 47.5% owing to the decrease in sales of Traditional Bingo. These decreases were offset by the following increases in expenses mainly due to the opening of several bingo outlets: (1) Rentals of ₱9.6 million or 17.6% and (2) Salaries and Wages of ₱5.1 million or 14.8%. Interest and other bank charges for the quarter amounted to ₱0.2 million for a ₱2.8 million or 1140.2% decrease from last year's ₱3.0 million due to substantial loan principal payments.

"Interest expense & others – net" decreased by ₱2.8 million or 91.9% mainly due to lower bank loan balances.

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, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority.

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 first quarters of 2013 and 2012.

Under Revenue Memorandum Circular 33-2013 dated April 17, 2013, PAGCOR's contractees and licensees, including ABLE and its subsidiaries, are now subject to income tax.

ABLE and its subsidiaries are no longer subject to 5% Franchise Tax.

Net Income

ABLE posted a consolidated net income (net of minority interest) of ₱28.3 million for the first quarter of 2013, a decrease of ₱7.9 million or 21.8% from the ₱36.2 million net income for the same period in 2012. Despite the improvement in revenues coupled with a decrease in cost and operating expenses, ABLE's increased payments for franchise and regulatory fees accompanying the increase in revenues resulted in the decrease in the net income.

FCLRC Operations First Quarter 2013 and First Quarter of 2012

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 ₱176.6 million gross revenues for the first quarter of 2013, representing a ₱47.5 million or 36.7% increase from last year's first quarter of ₱129.2 million. The increase in revenues is attributable to the increase in the locators' revenues in addition to the increase in the number of operating locators. For the period ending March 31, 2013, there were 71 licensed locators – 64 of which are operational and 7 are non-operational while for the period ending March 31, 2012, there were 64 licensed locators – 54 of which are operational and 10 non-operational. During the first quarter of 2013, hosting fees from restrictive and interactive gaming locators contributed 88.1% to total revenues or ₱ 155.7 million, while license application and renewal fees accounted for ₱21.0 million or 11.9%, as compared to the first quarter of 2012, wherein hosting fees contributed 83.0% to total sales or ₱ 107.2 million while application fees contributed 17.0% to total sales or ₱ 22.0 million for the same period effecting a growth of ₱ 48.4 million or 45.2% for hosting fees while registering a slight decline of ₱ 1.0 million or 4.4% for application fees.

FCLRC posted a net income of ₱ 71.3 million for the first quarter of 2013, an ₱ 18.9 million or 36.2% increase versus last year's ₱52.4 million. Total cost and operating expenses of ₱ 43.9 million increased by ₱ 10.9 million or 33.2% from last year's ₱32.9 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 of ₱ 2.4 million or 24.4%, (2) Rent of ₱0.5 million or 13.1% owing to the straight line method accrual; (3) Depreciation of ₱0.4 million or 7.9% attributable to the purchase of new office equipment and "Others" Expenses of ₱ 10.5 million or 147.0% mainly due to the enhanced marketing programs implemented to attract more locators. These increases were partially offset by the following decreases primarily due to the Company's cost saving measures and overall financial prudence: (1) Professional Fees of ₱1.2 million or 24.5% and (2) Communication of ₱1.7 million or 71.3%. The growth of ₱9.8 million or 76.6% in the resulting net income in the "Other Income (Expense) account" is mainly due to the increase in the Other Income derived from the rental of gaming facility as agreed upon with locators coupled with the increase in net income of First Cagayan Converge Data Center, Inc. (FCCDCI).

First Cagayan Converge Data Center, Inc. (FCCDCI), a 60% owned subsidiary of FCLRC, posted a net income of ₱ 18.1 million and ₱14.0 million during the first quarters of 2013 and 2012, respectively; a ₱ 4.1 million or 29.8% improvement due to higher posted revenues partially offset by an increase in direct costs and operating expenses.

LRLDI Operations

First Quarter 2013 and First Quarter of 2012

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 first quarter of 2013, total rental income amounted to ₱4.6 million as compared to ₱2.3 million during the same period last year. The improvement of ₱2.3 million or 97.7% is attributable to the rental income generated from the lease of dormitory facilities which started last September 2012. To facilitate the Company's commitment to the further development of CSEZFP, the management decided to improve its operations to provide a more efficient service. Accordingly, the total costs and operating expenses increased by ₱1.6 million, from ₱ 0.5 million to ₱ 2.1 million for the first quarters of 2013 and 2012, respectively. LRLDI recorded its 50% share in the pre-operating expenses of Techzone, an associate starting the last quarter of 2012. Thus, LRLDI posted a net income of ₱0.6 million during the first quarter of 2013 as compared to ₱0.2 million during the same period last year.

ABLGI Operations

First Quarter 2013 and First Quarter of 2012

On January 14, 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.

On July 5, 2012, the new Memorandum of Agreement was 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, thus removing LRWC's obligation to pay rent.

ABLGI has not started its commercial operations as of March 31, 2013. Total comprehensive loss amounted to ₱7.9 million in 2013 as compared to ₱43.2 million in 2012. The significant decrease in pre-operating expenses is principally attributable to the amendment of the Operating Agreement with Belle Corporation in 2012 which effectively terminated the casino land and building leases.

BCGLC Operations

First Quarter 2013 and First Quarter of 2012

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 ₱21.7 million during the first quarter of 2013 and ₱12.0 million during the same period last year. Total operating expenses amounted to ₱19.7 million and ₱8.6 million during the first quarter of 2013 and 2012, respectively. The increase in operating expenses by ₱11.1 million or 128.8% 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 of ₱10.0 million or 524.5% due to the straight line method of accrual; (2) Employees' Benefits of ₱0.09 million or 36.2%; (3) Contracted Services of ₱0.3 million or 31.9% owing to the hiring of an additional consultant to boost revenues; (4) Taxes and Licenses by ₱0.01 million or 57.6% due to higher municipal taxes paid and (5) "Others" Expenses by ₱0.9 million or 43.7% 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 ₱0.8 million to the Group for the first quarter of 2013 as compared to ₱2.3 million for the same period last year. The decline in net income is mainly attributable to the increase in operating expenses.

BBL Operations First Quarter 2013 and First Quarter of 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 and ₱0.06 million during the first quarter of 2013 and 2012, respectively. Total operating expenses amounted to ₱6.9 during the first quarter of 2013 and ₱9.6 million during the same period last year. The decline in operating expenses of ₱2.7 million or 27.9% is principally attributable to the Company's cost saving measures. Thus, it posted a net loss of ₱7.1 million during the first quarter of 2013 as compared to ₱9.5 million during the same period last year.

LRWC Consolidated Net Income

As a result of the foregoing developments, LRWC posted a consolidated net income of ₱54.5 million for the first quarter of 2013, a ₱33.4 million or 158.8% improvement from the ₱21.1 million consolidated net income of the same period last year. The increase is mainly due to the increase in net income of FCLRC as well as the substantial decrease in the pre-operating expenses incurred by ABLGI.

Financial Condition – March 31, 2013 vs. December 31, 2012

On a consolidated basis, the Balance Sheet of Leisure & Resorts World Corporation (LRWC) and its subsidiaries, ABLE, FCLRC, LRLDI, ABLGI, BCGLC and BBL remain strong. Total assets as of March 31, 2013 amounted to ₱4,127.1 million which increased by ₱203.0 million or 5.2% from ₱3,924.0 million as of December 31, 2012. Increases in assets are attributable to the following: (1) Bingo cards and supplies of ₱5.8 million mainly due to ABLE's increase in level of inventory to support their new gaming dynamics; (2) Prepaid Expenses and Other mainly due to prepayment of expenses made during the first few months of the year which will be properly amortized in the future short term periods; (3) Due from Related Parties – Net of ₱64.1 million and (4) Investment and Advances – Net of ₱110.9 million due to on-going projects which will benefit the Group in the future. These decreases were partly offset by decrease in Cash of ₱26.0 million mainly due to ABLE's payment of trade and other payables and its advances to support its expansion projects.

Total Liabilities increased by ₱128.7 million primarily due to FCLRC and ABLE's bank borrowings to support its working capital requirements.

Cash Flows – Three Months Ended March 31, 2013 vs. March 31, 2012

Cash balance as of March 31, 2013 of ₱165.1 million decreased by ₱720.3 million or 81.3% from ₱885.3 million for the same period last year. The decrease is mainly attributable to cash used in investing activities arising from LRWC's advances to Eco Leisure late last year.

Key Performance Indicators

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

	As Of	
	March 31, 2013	December 31, 2012
<i>Liquidity</i>		
Current Ratio	87.7%	91.2%
<i>Leverage Ratio</i>		
Debt to Equity	35.0%	31.6%
	For the Three Months Ended	
	March 31, 2013	March 31, 2012
<i>Profitability Ratio</i>		
Rate of Payout to Net Revenue	47.9%	50.0%
Return on Average Equity	1.8%	0.8%
Return on Average Assets	1.4%	0.6%
<i>Solvency Ratio</i>	9.7%	7.1%
<i>Interest Coverage Ratio</i>	8.1	10.2

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 the end of the first quarters of 2013 and 2012 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

Financial Risk Management Objectives and Policies

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

- Credit Risk
- Liquidity Risk
- Market Risk

This section presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

The main purpose of the Group's dealings in financial instruments is to fund their respective operations and capital expenditures. The Group 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 faced by the Group, to set

appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The 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 the first quarter ending March 31, 2013 and as of December 31 2012, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	03/31/13	12/31/12
Cash in banks	P165,053,967	P172,256,416
Receivables - net	300,951,231	291,351,293
Due from related parties	110,445,618	46,395,389
Venue rental and other deposits	107,892,811	145,661,153
Cash and performance bonds	53,850,000	45,100,000
	P738,193,627	P700,764,251

Cash in Banks/Short-term Investments

The management evaluates the financial condition of the banking industry and bank deposits/investments are maintained 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 non-interest bearing advances made to entities with similar operations. The demographics of the Group's customer base, including the default risk of the industry and regions in which customers operate, has an influence on credit risk.

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

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

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of receivables. 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 March 31, 2013, there were no significant concentrations of credit risk.

Venue Rental and Other 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 and other 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.

Due from Related Parties

The Group limits its exposure to credit risk by only financing the operations of related parties that have viable operations and likewise engaged in gaming amusement activities.

The most significant amount of due from related parties of the Group is the advances to BLRI, which is an associate of the Parent Company.

Liquidity Risk

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

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

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

Market Risk

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

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

Change in Prices

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

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

Interest Rate Risk

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

Foreign Currency Risk

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

Fair Values

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

Cash and Cash Equivalents/Receivables/Due from Related Parties/Venue Rental and Other Deposits/Cash and Performance Bonds /Trade and Other Payables/Due to a Related Party/Rent Deposit

The carrying amounts of cash and cash equivalents, 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 and other deposits, cash and performance bonds 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.

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.

Loans Payable

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

Obligations Under Finance Lease

Obligations under finance lease are reported at their present values, which approximates the cash amounts that would fully satisfy the obligations as at 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, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as of March 31, 2013 and 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 2013

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 within 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 as well as extend their operating hours.

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.

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: 05/15/13



Signature and Title: CARMELITA D. CHAN, Treasurer

Date: 05/15/13



Signature and Title: MILAGROS P. MIRANDA, Finance Manager

Date: 05/15/13

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

		31-Mar-13 <u>(Unaudited)</u>	31-Dec-12 <u>(Audited)</u>
ASSETS			
Current Assets			
Cash and cash equivalents	Schedule 1	165,053,967	191,066,141
Receivables - net	Schedule 2	300,951,231	291,351,293
Bingo cards		21,869,122	16,030,727
Prepaid expenses and other current assets	Schedule 3	273,880,206	243,603,774
Due from related parties	Schedule 2	110,445,618	46,395,389
Total Current Assets		872,200,144	788,447,324
Noncurrent Assets			
Property and equipment - net	Schedule 4	320,060,430	321,635,809
Investment property - net	Schedule 5	119,444,047	121,417,474
Investments and advances - net	Schedule 6	1,767,140,344	1,656,287,126
Deferred tax assets		63,200,393	60,395,686
Goodwill - net		546,318,689	546,318,689
Other assets - net	Schedule 7	438,693,222	429,546,537
Total Noncurrent Assets		3,254,857,125	3,135,601,321
TOTAL ASSETS		4,127,057,269	3,924,048,645
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	Schedule 8	804,279,666	742,630,232
Short-term loans payable	Schedule 10	160,468,200	95,464,000
Current portion of long-term loans payable	Schedule 10	8,484,174	12,567,271
Current portion of obligations under finance lease		299,310	93,014
Income tax payable		11,365,599	4,837,672
Due to related party	Schedule 9	9,070,691	9,070,690
Total Current Liabilities		993,967,640	864,662,879
Noncurrent Liabilities			
Long-term loans payable - net of current portion	Schedule 10	17,012,505	19,143,629
Retirement benefits liability		45,297,355	43,061,566
Rent deposit		4,421,800	4,731,800
Obligations under finance lease - net of current portion		9,757,569	10,196,701
Total Noncurrent Liabilities		76,489,229	77,133,696
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		1,114,028,555	1,114,028,555
Functional currency translation reserve		16,796	67,398
Retained earnings		775,931,807	721,460,608
Treasury shares		(18,694,937)	(18,694,937)
		2,871,159,315	2,816,738,718
Non-controlling Interest		185,441,085	165,513,352
TOTAL STOCKHOLDERS' EQUITY		3,056,600,400	2,982,252,070
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		4,127,057,269	3,924,048,645

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

For the Three Months Ended March 31

	<u>2013</u>	<u>2012</u>
REVENUES		
Traditional bingo	425,072,074	485,636,640
Electronic bingo - net	471,502,646	371,236,888
Rapid bingo - net	93,383,915	113,177,974
Service and hosting fees	176,646,705	129,184,526
Pull tabs	979,130	2,157,060
	1,167,584,470	1,101,393,088
FRANCHISE FEES AND TAXES	483,307,949	405,776,072
NET REVENUES	684,276,521	695,617,015
COSTS AND OPERATING EXPENSES		
Payouts	327,506,043	353,844,252
Rent	83,076,242	86,990,295
Salaries and wages	52,475,243	48,600,953
Communication and utilities	45,914,117	45,297,497
Contracted services	42,963,367	37,021,184
Depreciation and amortization	29,773,642	31,264,861
Employee benefits	25,945,011	26,365,862
Taxes and licenses	8,080,032	8,894,940
Bingo cards and supplies	5,198,437	9,101,073
Others	32,364,486	38,230,715
	653,296,620	685,611,634
OPERATING INCOME	30,979,901	10,005,381
OTHER INCOME (EXPENSE)		
Equity in net earnings of a joint venture	10,877,200	8,382,434
Equity in net loss of an associate	(1,685,002)	-
Finance income (expense) and others - net	37,893,710	18,325,398
	47,085,909	26,707,832
INCOME BEFORE INCOME TAX	78,065,810	36,713,214
INCOME TAX EXPENSE	3,723,127	3,164,810
NET INCOME	74,342,683	33,548,404
Attributable to:		
Owners of the Parent Company	54,471,200	20,985,238
Non-controlling interest	19,871,483	12,563,166
	74,342,683	33,548,404
OTHER COMPREHENSIVE INCOME		
Foreign currency translation gain	16,796	69,671
TOTAL COMPREHENSIVE INCOME	74,359,479	33,618,075
Attributable to:		
Owners of the Parent Company	54,487,996	21,054,909
Non-controlling interest	19,871,483	12,563,166
	74,359,479	33,618,075
EARNINGS PER SHARE	0.054	0.021
INCOME PER SHARE IS COMPUTED AS FOLLOWS:		
a) Net Income	54,471,200	20,985,238
b) Weighted average number of common shares	999,877,094	999,877,094
c) Basis (a/b)	0.054	0.021

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

For the Three Months Ended March 31, 2013

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Functional Currency Translation Reserve	Treasury Shares	Minority Interests	Total
Balance at beginning of the period	999,877,094	1,114,028,555	721,460,608	67,398	(18,694,937)	165,513,352	2,982,252,070
Translation gain (loss) during the period				(50,602)			(50,602)
Minority interests						19,927,733	19,927,733
Net income for the period			54,471,200				54,471,200
Balance at end of the period	999,877,094	1,114,028,555	775,931,808	16,796	(18,694,937)	185,441,085	3,056,600,401

For the Three Months Ended March 31, 2012

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Functional Currency Translation Reserve	Treasury Shares	Minority Interests	Total
Balance at beginning of the period	999,877,094	1,114,028,555	516,381,582	11,839	(18,694,937)	143,929,937	2,755,534,070
Translation gain (loss) during the period				69,671			69,671
Minority interests						12,563,167	12,563,167
Net income for the period			20,985,238				20,985,238
Balance at end of the period	999,877,094	1,114,028,555	537,366,820	81,510	(18,694,937)	156,493,104	2,789,152,146

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

	For the Three Months Ended	
	31-Mar-13	31-Mar-12
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before franchise fees and taxes	537,779,149	426,761,311
Adjustments for:		
Depreciation	29,773,642	29,265,572
Equity in net loss of an associate	1,685,002	-
Equity in net earnings of a joint venture	(10,877,200)	(8,382,434)
Finance income (expense) - net	8,947,855	7,037,708
Operating income before working capital changes	567,308,447	454,682,157
Decrease (increase) in:		
Receivables	(9,599,938)	(3,487,072)
Bingo cards	(5,838,395)	(1,210,937)
Prepaid expenses and other current assets	(30,276,432)	(4,197,584)
Increase (decrease) in:		
Trade and other payables	61,649,434	(55,071,897)
Income tax payable	6,527,927	3,827,254
Rent deposit	(310,000)	-
Retirement benefits liability	2,235,789	1,926,475
Cash generated from operations	591,696,832	396,468,395
Finance income (expense) - net	(8,947,855)	(7,037,708)
Franchise fees and taxes paid	(483,307,949)	(405,776,072)
Net cash from operating activities	99,441,029	(16,345,385)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal (Acquisitions) of property and equipment - net	(28,198,263)	(27,641,911)
Disposal (Acquisitions) of investment property - net	1,973,427	1,945,730
Decrease (increase) in investment and advances	(101,661,019)	(29,297,762)
Decrease (increase) in due from related parties	(64,050,229)	22,539,690
Decrease (increase) in other noncurrent assets	(11,951,392)	(6,088,135)
Net cash used in investing activities	(203,887,476)	(38,542,389)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment (payment) of loans payable - net	58,789,979	(16,315,515)
Availment (payment) of obligations under finance lease - net	(232,836)	(386,400)
Functional currency translation reserve	(50,602)	69,671
Increase in non-controlling interest	19,927,733	12,563,166
Net cash provided (used) in financing activities	78,434,274	(4,069,078)
NET INCREASE (DECREASE) IN CASH	(26,012,174)	(58,956,852)
CASH AT BEGINNING OF PERIOD	191,066,141	944,275,312
CASH AT END OF PERIOD	165,053,967	885,318,460

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Unaudited Consolidated Financial Statements
As of March 31, 2013

Schedule 1 - Cash and Cash Equivalents

Cash in banks	144,193,844
Cash on hand and payout fund	20,860,122
	<u>165,053,967</u>

Schedule 3 - Prepaid Expenses and Other Current Assets

Prepaid expenses	59,604,230
Advances to contractors	129,482,517
Advances to suppliers	13,867,110
Rent deposit	34,011,857
Input VAT	36,228,569
Other current assets	685,924
	<u>273,880,206</u>

Schedule 4 - Property and Equipment

Leasehold improvements	380,983,268
Bingo equipment & paraphernalia	83,472,580
Office furnitures, fixtures and equipment	147,719,478
Condominium unit	4,791,748
Construction in progress	1,008,605
Aircraft and transportation equipment	143,649,802
Total	<u>761,625,482</u>
Less: Accumulated depreciation	<u>(441,565,052)</u>
Net	<u>320,060,430</u>

Schedule 5 - Investment Property

Land improvements	46,000,000
Building	93,523,288
Total	<u>139,523,288</u>
Less: Accumulated depreciation	<u>(20,079,241)</u>
Net	<u>119,444,047</u>

Schedule 6 - Investment and Advances

Investment - at equity	
Acquisition costs:	
Associate:	
Binondo Leisure Resources, Inc. (BLRI) - 30%	21,200,000
Techzone Philippines, Inc. (TPI)	50,625,000
	<u>71,825,000</u>
Joint venture:	
First Cagayan Converge Data Center Inc. (FCCDCI) - 60%	
<i>(net of subscription payable of 7,500,000)</i>	15,000,000
	<u>15,000,000</u>
Accumulated equity in net income (loss) of an associate and joint venture:	
Balance at beginning of year	
BLRI (Associate)	(26,303,101)
TPI (Associate)	(524,220)
FCCDCI (Joint Venture)	74,408,276
Net equity in earnings (losses) for the quarter	
BLRI (Associate)	-
TPI (Associate)	(1,685,002)
FCCDCI (Joint Venture)	10,877,200
Balance at end of the period	
BLRI (Associate)	(26,303,101)
TPI (Associate)	(2,209,222)
FCCDCI (Joint Venture)	85,285,476
	<u>56,773,153</u>
	<u>143,598,153</u>

Advances	
Eco Leisure	776,136,049
Hotel Enterprises of the Philippines (HEPI)	59,350,000
Prime Investment Korea, Inc.	22,307,500
Bindondo Leisure Resources, Inc. (BLRI)	153,133,468
Allowance for Impairment	(40,000,000)
Belle Corporation	114,249,805
FCCDCI (Joint Venture)	14,047,373
AB Fiber	19,950,000
Cagayan Premium Ventures Development Corporation (CPVDC)	487,541,821
Cagayan Land Property Development Corporation (CLPDC)	15,131,675
Investments - at cost	1,694,500
	<u><u>1,767,140,344</u></u>

Schedule 7 - Other Noncurrent Assets

Land rights	186,078,447
Airstrip improvements - net of amortization	67,227,345
Venue rental deposits and other deposits	107,892,811
Cash and performance bonds	53,850,000
Advance regulatory fee on Instant Game	12,864,993
Operating licenses	4,253,690
Others	6,525,935
	<u><u>438,693,222</u></u>

Schedule 8 - Trade and Other Payables

Payable to CEZA	409,858,573
Unearned hosting fees	102,058,096
Payable to PAGCOR	31,072,510
Venue rental payable	20,937,602
Cards and supplies	6,991,316
Capital expenditures	11,459,380
Accrued expenses and other payables (arising from normal business operations)	221,902,188
	<u><u>804,279,666</u></u>

Schedule 9 - Amount Due to Related Parties

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

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

Short-term Loans Payable	
PBCom	47,068,200
BDO	113,400,000
	<u><u>160,468,200</u></u>

Total Short-term

Long-term Loans Payable	
Current Portion	
BDO	8,358,320
Other Bank	125,854

 Noncurrent Portion

BDO	17,012,505
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Total Long-term

25,496,679

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
 Attachments to Unaudited Consolidated Financial Statements
 Schedule 2-Receivables
 As of March 31, 2013

1.) Aging of Accounts Receivables

	TOTAL	1-3 Months	4-6 Months	7 months to 1 year	1 year and above	Past due accounts and items in litigation
Type of Accounts Receivable						
a.) Trade Receivables						
1.) Rent Receivable	25,380,600	9,600,945	2,289,357	8,078,089	5,412,209	-
2.) Receivable from Locators	152,908,602	99,083,143	17,674,173	30,426,946	5,724,340	-
	178,289,202	108,684,088	19,963,530	38,505,035	11,136,549	-
b.) Non-Trade Receivables						
1.) Advances to non-consolidated affiliates	-	-	-	-	-	-
2.) Advances to employees	15,191,499	11,903,659	527,035	664,216	2,096,589	(0)
3.) Others	132,845,786	50,288,295	4,315,893	3,923,476	74,318,121	-
	148,037,284	62,191,954	4,842,928	4,587,692	76,414,710	(0)
Allowance for impairment	(25,375,256)					
Net Non-Trade Receivables	122,662,028					
Total Receivables	300,951,231					
c.) Receivables from Related Parties						
1.) First Cagayan Converge Data Center Inc. (FCCDCI)	17,794,286	236,806	17,400,000	-	157,480	-
2.) Binondo Leisure Resources Inc. (BLRI)	32,406,144	28,292,265	-	-	4,113,879	-
3.) Advances to Stockholders	60,245,188	21,291,302	10,810,842	28,143,044	-	-
	110,445,618					
Net Receivables	411,396,849					

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 - FCCDCI	rental of property in Cagayan Business Park	six (6) months to 1 year
4.) Advances to Related Parties - BLRI	rental and advances	six (6) months to 1 year
5.) 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
March 31, 2013

1. The accompanying interim consolidated financial statements of Leisure & Resorts World Corporation (LRWC) and Subsidiaries are in compliance with Philippine Financial Reporting Standards (PFRS).
2. The same accounting policies and methods of computation are followed in the interim consolidated financial statements as compared with the most recent annual financial statements.
3. Currently the operations of LRWC is very minimal and functions as a holding company. However, it's Subsidiaries, AB Leisure Exponent, Inc. (ABLE), engaged in bingo operations, and First Cagayan Leisure and Resort Corporation (FCLRC), engaged in licensing and regulation of online gaming, are operating on a daily basis including Sundays and Holidays, except on Maundy Thursday and Good Friday. Both businesses are not seasonal in nature. Another subsidiary, LR Land Developers, Inc. (LRLDI), is engaged in realty estate acquisition, development and tourism. AB Leisure Global Inc. (ABLGI), a new subsidiary engaged in the acquisition and development of properties including management and operations of activities conducted therein particularly on general amusement and recreations, has not started commercial operations as of this date. Blue Chip Gaming and Leisure Corporation (BCGLC), a newly acquired subsidiary in May 2011, operates a Slot Arcade at the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga under a license issued by the Philippine Amusement and Gaming Corporation (PAGCOR). 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 BOD approved the declaration of cash dividend equivalent to P 0.040 per share payable to all common stockholders of record as of September 28, 2012, and another cash dividend of P 0.035 per share payable to all common stockholders of record as of February 28, 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 fifty two (52) bingo parlors nationwide, most of which are located in major shopping malls in Metro Manila and in key provincial cities, FCLRC, a master licensor and regulator of online gaming operating in Cagayan Economic Zone Authority (CEZA), LRLDI, owner of property being leased by locators in Cagayan Business Park, 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 were no existing material contingencies and any other events or transactions that are material to an understanding of the current interim period.