LRWC
LEISURE & RESORTS WORLD CORPORATION

30 May 2012

THE PHILIPPINE STOCK EXCHANGE, INC.
PSE Center, Exchange Road, Ortigas Centre
Pasig City

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

Gentlemen:

Please find the attached Amended 2012 1st Quarter Report (SEC Form 17Q) in compliance with the letter-comment of the Securities & Exchange Commission (SEC) dated May 24, 2012. The comments of the SEC are incorporated in the Amended 17-Q in accordance with the checklist set forth in the said letter and are highlighted in bold and italics fonts for easy reference.

Also please find attached copy of letter reply to SEC dated today, May 30, 2012.

Thank you.

Very truly yours,

GEOFFREY L. UYMATIAO
Treasurer

LRWC
LEISURE & RESORTS WORLD CORPORATION

May 30, 2012

THE SECURITIES & EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

Attention: **Ms. Justina F. Callangan**
Acting Director
Corporation Finance Department

Re: **Letter-Comment dated May 24, 2012**
On 2012 1st Quarter Report (SEC Form 17-Q)

Gentlemen:

We reply to your letter-comment dated May, 24, 2012 which we received through fax on the same date, requiring us to submit its duly accomplished 2012 1st Quarter Report (SEC Form 17-Q) in accordance with the checklist set forth in the said letter, within five (5) business days from receipt thereof.

We are submitting attached amended SEC Form 17-Q to comply with items indicated as ""Not Complied" in the above captioned letter (as shown in the checklist provided below). These items are included in the amended SEC Form 17-Q and are highlighted in bold and italics fonts for easy reference.

REQUIREMENTS	SEC REMARKS	LRWC REMARKS
SEC Form 17-Q		
Part 1 – FINANCIAL INFORMATION		
Item 1. Financial Statements Required Under SRC Rule 68.1		
3. Interim Statements of Comprehensive Income for the current interim period and cumulatively for the current financial year to date, with comparative Income Statements for the comparable interim periods (current year-to-date) of the immediately preceding financial year	Please revise presentation and disclose income under "Other comprehensive income"	***Complied with per attached amended SEC Form 17-Q***
4. Statement showing changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.	Please revise presentation and disclose income under "Other comprehensive income"	***Complied with per attached amended SEC Form 17-Q***
FINANCIAL RISK DISCLOSURE		
a. Assess the financial risk exposures of the company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks. If any change thereof would materially affect the financial condition and results of operation of the company, provide a discussion in the report on the qualitative and quantitative impact of such risks and include a description of any enhancement in the company's risk management policies to address the same;		

b. Evaluate whether the company could provide clearer and more transparent disclosure regarding its financial instruments including but not limited to the following information:		
1. A description of the financial instruments of the company and the classification and measurements applied for each. If material in amount, provide detailed explanation on complex securities particularly on derivatives and their impact on the financial condition of the company;		
2. The amount and description of the company's investments in foreign securities;		
3. The significant judgments made in classifying a particular financial instrument in the fair value hierarchy;	Not complied with.	***Complied with per attached amended SEC Form 17-Q***
4. An explanation of how risk is incorporated and considered in the valuation of assets or liabilities;		
5. A comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods; and	Not complied with.	***Complied with per attached amended SEC Form 17-Q***
6. The criteria used to determine whether the market for a financial instrument is active or inactive, as defined under PAS 39-Financial Instruments.		

We trust that the attached amended SEC Form 17-Q is complete and we have sufficiently complied with all the requirements set forth in your letter.

Very truly yours,

Geoffrey L. Uymatiao
Treasurer

COVER SHEET

0 0 1 - 3 1 7 4

SEC Registration Number

L E I S U R E & R E S O R T S W O R L D

C O R P O R A T I O N & S U B S D I A R I E S

(Company's Full Name)

2 6 t h F l o o r , W e s t T o w e r , P S E C e n t e r

E x c h a n g e R o a d O r t i g a s C e n t e r

P a s i g C i t y

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

Mr. Geoffrey L. Uymatiao	687-0370
(Contract Person)	(Company Telephone Number)

AMENDED

1 2	3 1	1 7 - Q		
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/section

Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign

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 March 31, 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

<u>Comparable Discussion on Material Changes in Results of Operations and Financial Condition</u>

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 2012.

LRWC's total operating expenses amounted to ₱6.8 million and ₱7.5 million during the first quarter of 2012 and 2011, respectively. The decrease of ₱0.7 million is 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.

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

ABLE Operations
First Quarter 2012 vs. First 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.

<u>Revenues</u>

ABLE generated total sales of ₱972.1 million for the first quarter of 2012, a ₱93.5 million or 10.6% growth from the ₱878.7 million total sales for the same period in 2011. The increase in total sales is due to the increase in sales of Electronic Bingo and Rapid Bingo, partly offset by the decrease in the sales of Traditional Bingo, Pull Tabs and Instant Charity Bingo.

The traditional bingo remains the Company's principal product line with a sales contribution in the first quarter of 49.9% to total sales. Sales for the first quarter of 2012 was ₱485.1 million, a decrease of ₱33.1 million or 6.4% from ₱518.3 million during the same period in 2011.

E-bingo total sales for the first quarter of 2012 amounted to ₱ 371.2 million, an increase of ₱129.4 million or 53.5% from ₱241.9 million sales during the same period in 2011. The growth in sales was due to the opening of several new bingo outlets during the last quarter of 2012 and first quarter of 2011. As of March 31, 2012, there were a total of 3,146 E-bingo machines in 54 bingo parlors as compared to 2,287 E-bingo machines in 43 bingo parlors in the first quarter of 2011.

Rapid bingo total sales contributed ₱113.2 million or 11.6% to total sales for the first quarter of 2012 as compared to ₱110.9 million or 12.6% contribution to total sales for the same period last year. There was an increase of ₱2.3 million or 2.1% due to the higher sales generated per terminal. By the end of March 31, 2012, there were a total of 78 Rapid bingo terminals in 63 bingo parlors as compared to 82 Rapid bingo terminals in 68 bingo parlors for the first quarter of last year.

During the first quarter of 2012, Pull Tabs contributed ₱2.2 million as compared to ₱ 4.4 million for the same period last year.

Sales from the ICBG2 scratch cards contributed ₱0.4 million to total sales during the first quarter of 2012 as compared to ₱3.2 million for the same period last year.

Expenses

ABLE's consolidated costs and operating expenses for the first quarter of 2012 of ₱582.0 million decreased by ₱4.0 million or 0.7% from ₱586.0 million in 2011. The decrease in expenses can be attributed to the following: (1) Payout of ₱20.7 million or 5.5% due to lower Traditional Bingo sales, (2) Employees' Benefit of ₱3.2 million or 11.4% due to management's continuous implementation of ABLE's cost reduction program and (3) Cards and Supplies of ₱0.9 million or 9.4% 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 ₱4.5 million or 8.9%; (2) Depreciation of ₱5.3 million or 42.5%; (3) Taxes and Licenses of ₱2.0 million or 34.0%; (4) Communication and Utilities of ₱4.0 million or 10.8% and (5) "Others – Net" account of ₱4.1 million or 44.8%.

"Interest expense & others – net" decreased by ₱0.7 million or 17.9% 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 2012 and 2011.

Net Income

ABLE posted a consolidated net income (net of minority interest) of ₱36.2 million for the first quarter of 2012, an increase of ₱17.3 million or 91.5% from the ₱18.9 million net income for the same period in 2011. The increase in net income is due mainly to the growth in revenues coupled with a decrease in operating expenses..

FCLRC Operations
First Quarter 2012 and First 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 ₱129.2 million gross revenues for the first quarter of 2012, representing a ₱59.5 or 85.4% increase from last year's first quarter of ₱69.7 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, 2012, there were 64 licensed locators – 54 of which are operational and 10 are non-operational while for the period ending March 31, 2011, there were 90 licensed locators – 49 of which are operational and 41 non-operational. During the first quarter of 2011, hosting fees from restrictive and interactive gaming locators contributed 83.0% to total revenues or ₱ 107.2 million, while license application and renewal fees accounted for ₱22.0 million or 17.0%, as compared to the first quarter of 2010, wherein hosting fees contributed 80.2% to total sales or ₱ 55.9 million while application fees contributed 19.8% to total sales or ₱ 13.8 million for the same period effecting a growth of ₱ 51.3 million or 91.8% and ₱ 8.2 million or 59.3% for hosting fees and application fees respectively.

FCLRC posted a net income of ₱ 52.4 million for the first quarter of 2012, a ₱ 23.0 million or 78.2% increase versus last year's ₱29.4 million. Total cost and operating expenses of ₱ 32.9 million increased by ₱ 14.7 million or 81.0% from last year's ₱18.2 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 ₱ 4.4 million or 79.0%, (2) Rent of ₱0.6 million or 19.6% owing to the straight line method accrual; (3) Professional Fees of ₱ 1.3 million or 37.7%; (4) Depreciation of ₱0.8 million or 22.4% attributable to accelerated depreciation of the airstrip; (5) Communication of ₱ 0.5 million or 24.9%; (6) Taxes and Licenses of ₱ 0.1 million or 63.9% and (7) "Others" Expenses of ₱ 7.0 million or 4422.4% mainly due to the enhanced marketing programs implemented to attract more locators. The growth of ₱5.9 million or 85.5% in the resulting net income in the "Other Income (Expense) account" is mainly due to the increase in the net income of First Cagayan Converge Data Center, Inc. (FCCDCI) as well as an increase in the Other Income attributable to the rental income derived from gaming facility as agreed upon with locators.

First Cagayan Converge Data Center, Inc. (FCCDCI), a 60% owned subsidiary of FCLRC, posted a net income of ₱ 14.0 million and ₱7.3 million during the first quarters of 2012 and 2011, respectively; a ₱ 6.7 million or 91.3% improvement due to higher posted revenues partially offset by an increase in direct costs and operating expenses.

LRLDI Operations
First Quarter 2012 and First 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 first quarter of 2012, total rental income amounted to ₱2.3 million as compared to ₱4.3 million during the same period last year. The decline of ₱2.0 million or 46.5% is attributable to the rental discounts given to certain lessees. Total operating expenses amounted to ₱ 0.5 million and ₱0.4 million for first quarters of 2012 and 2011, respectively.

ABLGI Operations
First Quarter 2012 and First 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 under the license issued by PAGCOR. As operator and manager of the casino, ABLGI, shall exercise supervision, direction and responsibility for the operation of the casino operations in behalf of PLAI pursuant tot the Provisional License issued by PAGCOR. Also under the Operating Agreement, the Company shall ensure the acquisition or construction of additional gaming, hotel and theater facilities and equipment.

ABLGI just started its business operations towards the end of the first quarter of 2011, thus the minimal pre-operating expenses of ₱0.4 million. In the same quarter of 2012, the operations of the casino has not yet started. ABLGI's pre-operating expenses amounted to ₱43.2 million. These expenses mainly pertains to the rental of land of which the construction of the building is still on-going, professional fees due to hiring of several consultants to facilitate the outfitting and furnishing of the casino and other related expenses in line with the Company's objective to create a world class gaming facility.

BCGLC Operations
First Quarter 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 ₱12.0 million during the first quarter of 2012. Total operating expenses amounted to ₱8.6 million. It contributed net income of ₱1.6 million to the Group (70% of BCGLC's net income of ₱2.3 million for the first quarter of 2012).

BBL Operations
First 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 ₱ 0.06 million during the first quarter of 2012. Total operating expenses amounted to ₱9.6 million. Thus, it posted a net loss of ₱9.5 million during the first quarter of 2012.

LRWC Consolidated Net Income

As a result of the foregoing developments, LRWC posted a consolidated net income of ₱21.0 million for the first quarter of 2012, a ₱13.3 million or 38.8% decrease from the ₱34.3 million consolidated net income of the same period last year. The decrease is mainly due to the pre-operating expenses incurred by ABLGI. Excluding the said expenses, the consolidated net income of LRWC would have amounted to ₱64.2 million in the first quarter of 2012 and ₱34.7 million during the same period in 2011.

Financial Condition – March 31, 2012 vs. December 31, 2011

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, 2012 amounted to ₱3,670.0 million which decreased by ₱32.4 million or 0.9% from ₱3,702.4 million as of December 31, 2011. Decreases in assets are attributable to the following: (1) Cash of ₱59.0 million mainly due to ABLGI's pre-operating expenses; (2) Due from Related Parties – Net of ₱22.5 million mainly due to reclassification of accounts. These decreases were partly offset by the following increases: (1) Bingo cards and Supplies of ₱1.2 million due to ABLE's increase in level of inventory to support their new gaming dynamics and (2) Investment and Advances – Net of ₱37.7 million due to on-going projects which will benefit the Group in the future.

Total Liabilities decreased by ₱66.0 million primarily due to FCLRC and ABLE's partial settlement of trade and other payables in addition to ABLE's loan principal payments.

Cash Flows – Three Months Ended March 31, 2012 vs. March 31, 2011

Cash balance as of March 31, 2012 of ₱885.7 million increased by ₱ 688.8 million or 350.4% from ₱196.6 million for the same period last year. The improvement is mainly due to the higher beginning balance of cash provided by financing activities due to the deposit for future subscription by third parties made 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, 2012	December 31, 2011
Liquidity		
Current Ratio	186%	181%
Leverage Ratio		
Debt to Equity	32%	34%

	For the Three Months Ended	
	March 31, 2012	March 31, 2011
Profitability Ratio		
Rate of Payout to Net Revenue	50.0%	57.3%
Return on Average Equity	0.8%	1.9%
Return on Average Assets	0.6%	1.4%

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

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

Financial 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 first 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.

The BOD of LRWC has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee identifies all issues affecting the operations of the Company and reports regularly to the BOD on its activities.

The Group's risk management policies are established to identify and analyze the risks it faces, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. All risks faced by the

Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company's operations and forecasted results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

Credit Risk

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

Financial information on the Group's maximum exposure to credit risk as of March 31, 2012 and December 31, 2011, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	03/31/2012	**12/31/2011**
Cash in bank	₽ 885,318,462	₽ 944,275,312
Receivables - Net *	370,025,784	366,538,712
Due from related parties – Net*	11,884,560	34,424,250
Other assets – Net*	783,379,586	777,291,451
	₽2,031,011,196	₽ 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 Executive Committee has established a credit policy under which each new advanced amount requested by customer/counterparties within the same gaming industry is analyzed individually for creditworthiness before standard credit terms and conditions are granted. The Group's review includes the requirements of updated credit application documents, credit verifications through the use of no negative record requests and list of blacklisted accounts, and analyses of financial performance to ensure credit capacity. The status of each account is first checked before advances are approved.

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

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

As of reporting date, there were no significant concentrations of credit risk.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of receivables not past due or past due by up to 60 days. Significant portion of advances to RHLRC was collected in 2010 and subsequent collection was also made on the advances in 2011, while its advances to Beau Geste were collected on March 4, 2010. No additional impairment loss was recognized in 2010 and 2009.

Venue Rental Deposits
The management prefers well-known business establishments in the selection of location for bingo operations to ensure profitable operations and recovery of the venue rental deposits upon termination of the lease agreements.

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

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

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

<u>Liquidity Risk</u>

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

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

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

<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 first quarter of 2011. The Group is not subject to externally-imposed capital requirements.

Discussion and Analysis of Material Events and Uncertainties Known to Management

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

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

Plans for 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 as well as extend their operating hours.

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

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

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: 05/30/12

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

Date: 05/30/12

Signature and Title: MILAGROS P. MIRANDA, Finance Manager

Date: 05/30/12

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

		31-Mar-12 (Unaudited)	31-Dec-11 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	Schedule 1	885,318,462	944,275,312
Receivables - net	Schedule 2	370,025,784	366,538,712
Bingo cards		18,918,329	17,707,392
Prepaid expenses and other current assets	Schedule 3	222,290,560	218,092,976
Due from related parties	Schedule 2	11,884,560	34,424,250
Total Current Assets		**1,508,437,695**	**1,581,038,642**
Property and equipment - net	Schedule 4	402,279,624	403,903,285
Investment property	Schedule 5	126,709,950	128,655,680
Investments and advances - net	Schedule 6	238,294,122	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	783,379,586	777,291,451
Total Noncurrent Assets		**2,161,518,705**	**2,121,319,764**
TOTAL ASSETS		**3,669,956,401**	**3,702,358,406**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	Schedule 8	678,304,782	733,376,679
Short-term loans payable	Schedule 10	88,506,492	99,677,716
Current portion of long-term loans payable	Schedule 10	25,209,626	24,255,696
Current portion of obligations under finance lease		1,156,930	1,300,698
Income tax payable		9,889,881	6,062,627
Due to related party	Schedule 9	9,070,691	9,070,691
Total Current Liabilities		**812,138,403**	**873,744,107**
Noncurrent Liabilities			
Long-term loans payable - net of current portion	Schedule 10	25,612,679	31,710,900
Retirement benefits liability		38,558,763	36,632,288
Rent deposit		4,111,800	4,111,800
Obligations under finance lease - net of current portion		382,610	625,242
Total Noncurrent Liabilities		**68,665,852**	**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)		81,510	11,839
Retained earnings		537,366,821	516,381,581
Treasury shares		(18,694,937)	(18,694,937)
		2,632,659,043	**2,611,604,132**
Non-controlling Interest		**156,493,103**	**143,929,937**
TOTAL STOCKHOLDERS' EQUITY		**2,789,152,146**	**2,755,534,069**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**3,669,956,401**	**3,702,358,406**

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

	For the Three Months Ended March 31	
	2012	**2011**
REVENUES		
Traditional bingo	**485,199,540**	518,263,239
Electronic bingo - net	**371,236,888**	241,869,329
Rapid bingo - net	**113,177,974**	110,901,641
Service and hosting fees	**129,184,526**	69,679,631
Pull tabs	**2,157,060**	4,392,180
Instant charity bingo	**437,100**	3,244,320
Slot machines	**12,031,215**	-
Rental income	**2,303,733**	4,309,045
	1,115,728,035	952,659,384
FRANCHISE FEES AND TAXES AND OTHER DIRECT COSTS	**407,782,474**	299,113,613
NET REVENUES	**707,945,561**	653,545,771
COSTS AND OPERATING EXPENSES		
Payout	**353,844,252**	374,563,741
Rentals	**86,990,295**	53,440,446
Salaries and wages	**48,600,953**	41,912,516
Communication and utilities	**45,297,497**	39,065,670
Employee benefits	**26,365,862**	29,002,011
Contracted services	**37,021,184**	28,456,931
Depreciation and amortization	**29,265,572**	16,097,495
Bingo cards and supplies	**9,101,073**	10,046,066
Taxes and licenses	**8,894,940**	6,353,516
Others	**38,223,602**	13,360,712
	683,605,232	612,299,103
OPERATING INCOME	**24,340,329**	41,246,668
OTHER INCOME (EXPENSE)		
Equity in net earnings of a joint venture	**8,382,434**	4,382,626
Finance expense - net	**(7,037,708)**	(1,305,088)
Other income	**11,028,159**	-
	12,372,885	3,077,538
INCOME BEFORE INCOME TAX	**36,713,214**	44,324,206
INCOME TAX EXPENSE	**3,164,810**	1,094,893
NET INCOME	**33,548,404**	43,229,313
OTHER COMPREHENSIVE INCOME		
Foreign currency translation gain	**69,671**	-
TOTAL COMPREHENSIVE INCOME	**33,618,075**	43,229,313
Attributable to:		
Owners of the Parent Company	**21,054,909**	34,313,472
Non-controlling interest	**12,563,166**	8,915,841
	33,618,075	43,229,313
EARNINGS PER SHARE	**0.021**	0.040
INCOME PER SHARE IS COMPUTED AS FOLLOWS:		
a) Income attributable to the equity holders of the Parent Company	**20,985,238**	34,313,472
b) Weighted average number of shares outstanding	**999,877,094**	849,877,094
c) Basis (a/b)	**0.021**	0.040

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

	For the Three Months Ended March 31, 2012							
	Capital Stock	**Additional Paid-in Capital**	**Deposit for Future Subcription**	**Retained Earnings**	**Functional Currency Transalation Reserve**	**Treasury Shares**	**Minority Interests**	**Total**
Balance at beginning of the period	**999,877,094**	**1,114,028,555**	**0**	**516,381,582**	**11,839**	**(18,694,937)**	**143,929,937**	**2,755,534,070**
Disposal for the period								**0**
Deposit for future subscription								**0**
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**	**0**	**537,366,820**	**81,510**	**(18,694,937)**	**156,493,104**	**2,789,152,146**

	For the Three Months Ended March 31, 2011							
	Capital Stock	Additional Paid-in Capital	Deposit for Future Subcription	Retained Earnings	Functional Currency Transalation Reserve	Treasury Shares	Minority Interests	Total
Balance at beginning of the period	849,877,094	128,881,859	0	625,861,621	0	(20,785,694)	106,426,042	1,690,260,922
Disposal for the period						12,237,452		12,237,452
Deposit for future subscription			93,750,000					93,750,000
Translation gain (loss) during the period								0
Minority interests							8,915,842	8,915,842
Net income for the period				34,313,472				34,313,472
Balance at end of the period	849,877,094	128,881,859	93,750,000	660,175,094	0	(8,548,242)	115,341,884	1,839,477,688

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

	For the Three Months Ended	
	31-Mar-12	**31-Mar-11**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before franchise fees and taxes	**426,761,311**	332,343,860
Adjustments for:		
Depreciation	**29,265,572**	16,097,495
Equity in net income of a joint venture	**(8,382,434)**	(4,382,626)
Interest expense	**7,037,708**	1,305,088
Operating income before working capital changes	**454,682,157**	345,363,816
Decrease (increase) in:		
Receivables	**(3,487,072)**	24,224,215
Bingo cards	**(1,210,937)**	(4,118,509)
Prepaid expenses and other current assets	**(4,197,584)**	(14,773,964)
Increase (decrease) in:		
Trade and other payables	**(55,071,897)**	(2,488,307)
Income tax payable	**3,827,254**	1,094,894
Rent deposit	**-**	2,347,000
Retirement benefits liability	**1,926,475**	1,350,000
Cash generated from operations	**396,468,395**	352,999,144
Interest paid	**(7,037,708)**	(1,305,088)
Franchise fees and taxes paid	**(405,776,072)**	(298,030,388)
Net cash from operating activities	**(16,345,385)**	53,663,669
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	**(27,641,911)**	(37,022,352)
Additions to investment property	**1,945,730**	(6,500,954)
Decrease (increase) in investment and advances	**(29,297,762)**	(4,594,244)
Decrease (increase) in due from related parties	**22,539,690**	4,451,698
Decrease (increase) in other noncurrent assets	**(6,088,135)**	(850,131)
Net cash used in investing activities	**(38,542,388)**	(44,515,984)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment (payment) of loans payable	**(16,315,515)**	(26,895,767)
Availment (payment) of obligations under finance lease	**(386,400)**	(2,150,090)
Deposit for future subscription	**-**	93,750,000
Disposal (acquisitions) of treasury shares	**(0)**	12,237,452
Translation gain/loss	**69,671**	-
Increase in non-controlling interest	**12,563,166**	8,915,841
Net cash provided (used) in financing activities	**(4,069,078)**	85,857,437
NET INCREASE (DECREASE) IN CASH	**(58,956,851)**	95,005,122
CASH AT BEGINNING OF PERIOD	**944,275,312**	101,562,325
CASH AT END OF PERIOD	**885,318,461**	196,567,447

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Unaudited Consolidated Financial Statements
As of March 31, 2012

Schedule 1 - Cash and Cash Equivalents

Cash on hand and in banks	885,318,462
	885,318,462

Schedule 3 - Prepaid Expenses and Other Current Assets

Prepaid expenses	61,362,698
Advances to contractors	108,396,711
Advances to suppliers	19,236,531
Input VAT	32,926,861
Other current assets	367,760
	222,290,560

Schedule 4 - Property and Equipment

Leasehold improvements	421,753,056
Bingo equipment & paraphernalia	36,741,097
Office furnitures, fixtures and equipment	186,266,425
Condominium unit	4,791,748
Construction in progress	7,008,479
Aircraft and transportation equipment	117,019,480
Total	773,580,284
Less: Accumulated depreciation	(371,300,660)
Net	**402,279,624**

Schedule 5 - Investment Property

Building	79,769,009
Construction in progress	59,200,333
Total	138,969,342
Less: Accumulated depreciation	(12,259,392)
Net	**126,709,950**

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)	8,382,434
Balance at end of the period	
BLRI (Associate)	(26,303,101)
FCCDCI (Joint Venture)	64,163,566
	37,860,465
	74,060,465
Advances	
Bindondo Leisure Resources, Inc. (BLRI)	188,670,586
Allowance for Impairment	(45,850,992)
First Cagayan Converge (FC Converge)	20,657,563
Investments - at cost	756,500
	238,294,123

Schedule 7 - Other Noncurrent Assets

Advances to Cagayan Premium Ventures Inc. (CPVDC)	399,033,305
Land rights	101,567,814
Airstrip improvements - net of amortization	75,901,841
Venue rental deposits and other deposits	135,604,997
Cash and performance bonds	22,560,400
Advance regulatory fee on Instant Game	15,359,680
Advances to Cagayan Land Property Development Corporation (CLPDC)	13,953,359
Deposit for future stock subscription (AB Fiber)	12,450,000
Operating licenses	4,253,690
Others	2,694,500
	783,379,586

Schedule 8 - Trade and Other Payables

Payable to CEZA	238,245,422
Unearned hosting fees	60,460,688
Payable to PAGCOR	27,986,320
Venue rental payable	24,505,088
Cards and supplies	7,919,201
Capital expenditures	8,104,705
Accrued expenses and other payables (arising from normal business operations)	311,083,358
	678,304,782

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	25,339,826
BDO	63,166,667
Total Short-term	**88,506,492**
Long-term Loans Payable	
Current Portion	
BDO	24,988,675
Other Bank	220,951
Noncurrent Portion	
BDO	25,486,825
Other Bank	125,854
Total Long-term	**50,822,305**

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Uanaudited Consolidated Financial Statements
Schedule 2-Receivables
As of March 31, 2012

1.) Aging of Accounts Receivables

		TOTAL	1-3 Months	4-6 Months	7 months to 1 year	1 year and above	Past due accounts and items in litigation
Type of Accounts Receivabe							
a.)	**Trade Receivables**						
	1.) Rent Receivable	21,783,381	7,615,591	4,039,045	8,078,089	2,050,656	-
	2.) Receivable from Locators	133,935,599	97,854,820	14,531,991	21,548,788	-	-
		155,718,980	**105,470,411**	**18,571,036**	**29,626,877**	**2,050,656**	**-**
b.)	**Non-Trade Receivables**						
	1.) Advances to non-consolidated affiliates	-	-	-	-	-	-
	2.) Advances to employees	102,300,308	4,214,887	97,974,043	11,378	100,000	-
	3.) Others	112,006,496	14,488,314	18,098,973	3,323,279	76,095,929	-
		214,306,804	**18,703,201**	**116,073,017**	**3,334,657**	**76,195,929**	**-**
	Total Receivables	**370,025,784**					
c.)	**Receivables from Related Parties**						
	1.) Vinta Gaming Corporation	2,620,385	277	30,273	266,161	2,323,674	-
	2.) First Cagayan Converge Data Center Inc.	189,474	189,474	-	-	-	-
	3.) Insular Gaming Corporation	4,268,584	256,500	1,360,836	2,651,247	-	-
	3.) Others	4,806,117	-	-	4,806,117	-	-
		11,884,560					
Net Receivables		**381,910,345**					

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
March 31, 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 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 30, 2011, the Board of Directors (BOD) approved the declarations of cash dividend equivalent to: a) P 0.03 per share payable to all common stockholders of record as of September 28, 2011 paid on October 21, 2011, b) P 0.025 per share payable to all common stockholders of record as of January 30, 2012 paid on February 22, 2012, and c) P 0.020 per share payable to all common stockholders of record as of February 29, 2012 paid on March 23, 2012.

9. LRWC's primary purpose is to engage in realty development focusing on leisure business. However, as mentioned in note 3, for several years it had minimal operation and functioned as a holding company. On the other hand, its 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 was no existing material contingencies and any other events or transactions that are material to an understanding of the current interim period.