COVER SHEET

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SEC Registration Number

LEISURE & RESORTS WORLD
CORPORATION & SUBSDIARIES

(Company's Full Name)

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

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

Mr. Geoffrey L. Uymatiao

(Contract Person)

687-0370

(Company Telephone Number)

1 2	3 1
Month	*Day*

(Fiscal Year)

17-Q

(Form Type)

Month	*Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended June 30, 2012

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

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

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

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

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

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

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

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

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common	999,877,094

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

    Yes [/] No [ ]

12. Indicate by check mark whether the registrant:

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

    Yes [/] No [ ]

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

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

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

LRWC Operations

LRWC is functioning basically as a holding company with minimal operations. The company is still focusing its endeavor in supporting the productivity programs of its subsidiaries as follows: (1) AB Leisure Exponent, Inc. (ABLE – 100% owned); (2) LR Land Developers, Inc. (LRLDI – 100% owned); (3) AB Leisure Global, Inc. (ABLGI – 100%); (4) First Cagayan Leisure and Resort Corporation (FCLRC – 69.68% owned); (5) Bingo Bonanza (HK) Ltd. (BBL – 60% owned); and (6) Blue Chip Gaming and Leisure Corporation (BCGLC – 70% owned). Based on PFRS 3, Business Combination, LRWC has not amortized the goodwill on its investments in its subsidiaries. Instead, PFRS 3 requires for an annual test for goodwill impairment. On the basis of the test for impairment of goodwill, there is no need to provide for allowance for impairment for the second quarter of 2012.

LRWC's total operating expenses amounted to ₱4.3 million and ₱5.5 million during the second quarter of 2012 and 2011, respectively while posting a year-to-date operating expenses of ₱11.1 million as of June 30, 2012 as compared to ₱12.9 million for the same period last year. The decrease of ₱1.2 million during the second quarter of 2012 and ₱1.8 million as of June 30, 2012 are mainly attributable to the overall financial prudence implemented by the Group. The Company is concentrating its efforts towards the expansion of the Group's operations, thereby necessarily implementing its cost cutting measures to its own operations.

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

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

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

ABLE Operations
Second Quarter 2012 vs. Second Quarter 2011

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

Revenues

ABLE generated total sales of ₱959.9 million for the second quarter of 2012, a ₱70.4 million or 7.9% improvement from last year's second quarter sales of ₱889.5 million. The increase is attributable to the increase in sales of the following: Electronic Bingo (E-Bingo) by ₱125.4 million or 47.6% and Rapid Bingo by ₱1.7 million or 1.5%. These increases were slightly offset by the following decreases: Traditional Bingo by ₱53.1 million or 10.5%, Pull Tabs by ₱1.3 million or 41.1% and Instant Charity Bingo by ₱2.3 million.

The traditional bingo continues to be ABLE's principal product-line with a sales contribution of 47.3% to total sales in the second quarter of 2012. Sales for the second quarter of 2012 was ₱453.6 million, a decline of ₱53.1 million or 10.5% from ₱506.7 million during the same period in 2011.

E-bingo total sales for the second quarter of 2012 amounted to ₱ 388.9 million, an increase of ₱125.4 million or 47.6% from ₱263.5 million sales during the same period in 2011. Higher sales were generated because of the increase in the number of E-bingo machines as well as a higher revenues generated per machine. As of June 30, 2012, there were a total of 3,265 E-bingo machines in 54 bingo parlors as compared to 2,313 E-bingo machines in 43 bingo parlors in the second quarter of 2011.

During the second quarter of 2012, sales from Rapid bingo contributed ₱115.5 million or 12.0% to total sales as compared to ₱113.8 million or 12.8% contribution to total sales for the same period last year. There was an improvement in sales amounting to ₱1.7 million or 1.5% from the second quarter of 2011. By the end of June 30, 2012, there were a total of 83 Rapid bingo terminals in 68 bingo parlors as compared to 81 Rapid bingo terminals in 67 bingo parlors for the second quarter of last year.

During the second quarter of 2012, Pull Tabs contributed ₱1.9 million as compared to ₱ 3.2 million for the same period last year.

At the beginning of the second quarter of 2012, sales of the ICBG2 scratch cards were discontinued. However, there were a few bingo outlets which sold ₱0.02 million during the second quarter of 2012 as compared to ₱2.4 million for the same period last year. ICBG2 scratch cards will be replaced with new game variants such as Bingo Express and Bingo Lotto in the future.

Overall, the remarkable increase 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 second quarter of 2012 of ₱567.0 million decreased by ₱12.2 million or 2.1% from ₱579.2 million in 2011. The decrease is mainly attributable to the following: (1) Payout by ₱18.9 million or 5.1% mainly due to the implementation of new gaming programs; (2) Cards & Supplies by ₱3.3 million or 29.4% due to the decrease in sales of Traditional Bingo and (3) Employees Benefits by ₱2.8 million or 13.5% due to management's continuous implementation of ABLE's cost reduction program. On the other hand, these decreases were partially offset by the following increases mainly due to the opening of several bingo parlors: (1) Rental by ₱6.9 million or 13.9% and (2) Depreciation by ₱4.7 million or 35.3%. Interest and other bank charges for the quarter amounted to ₱ 2.5 million for a ₱3.0 million or 54.4% decrease from last year's ₱5.5 million due to substantial loan principal payments.

Corporate Income Tax

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

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

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

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

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

Net Income

ABLE posted a consolidated net income (net of minority share) of ₱33.5 million for the second quarter of 2012, a ₱7.3 million or 28.0% increase from the ₱26.2 million net income for the same period in 2011. The improvement in net income is due mainly to the increase in revenues in conjunction with the decrease in costs and operating expenses.

FCLRC Operations
Second Quarter 2012 vs. Second 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 ₱160.2 million gross revenues for the second quarter of 2012, representing a ₱75.9 million or 90.0% increase from last year's second quarter revenues of ₱84.3 million. The improvement in revenues is mainly due to the increase in the number of operational locators – 56 for this year as against 44 last year as well as the increase in locators' revenues. Hosting fees from restrictive and interactive gaming locators contributed ₱134.5 million or 84.0% of total revenues, while license application and renewal fees accounted for ₱25.7 million or 16.0%. Hosting fees of ₱ 61.0 million during the second quarter of 2011 increased by ₱73.6 million or 120.7%, while license application fees increased by ₱2.3 million or 9.9% from ₱ 23.4 million during the same period.

FCLRC posted a net income of ₱ 68.0 million for the second quarter of 2012, a ₱29.2 million or 75.5% improvement versus last year's ₱38.8 million. Total cost and operating expenses of ₱ 39.6 million increased by ₱ 16.8 million or 73.9% from last year's figure of ₱ 22.8 million. The increase is mainly due to the Company's efforts to provide a more efficient service to its locators operating in the CSEZFP and other reasons as stated: (1) Administrative Salaries and Benefits by ₱0.5 million or 5.7%; (2) Rental by ₱ 0.3 million or 8.7%; (3) Professional Fees by ₱3.9 million or 386.4% due to hiring of consultants to establish marketing programs to generate additional revenues for the locators and (4) "Others" Expenses by ₱13.7 million or 719.8% mainly due to enhanced marketing programs to attract more locators . These increases were partly offset by the following decreases primarily due to the Company's cost saving measures and overall financial prudence: (1) Depreciation by ₱0.7 million or 14.2%; (2) Communication by ₱0.8 million or 37.6% and (3)Taxes and Licenses by ₱0.0007 million or 7.1%. The resulting net income in the "Other Income/(Expense) account" of ₱18.9 million or an increase of ₱ 9.6 million or 102.2% from last year's resulting net income of ₱9.4 million was mainly due to the growth in the other income derived from the rental of gaming facility coupled with an increase in the equity in net earnings of First Cagayan Converge Data Center, Inc. (FCCDC).

LRLDI Operations
Second Quarter 2012 vs. Second 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 second 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 ₱0.08 million and ₱0.17 million for the second quarters of 2012 and 2011, respectively. To further improve its performance, LRLDI implemented its cost reduction scheme, thus effectively reducing its operating expenses by ₱0.09 million. Thus, LRLDI posted a net income of ₱0.2 million during the second quarter of 2012 and ₱1.0 million during the same time last year. Despite its cost reduction scheme, there was a decline in net income of ₱0.7 million or 76.3% due to the rental discounts given to lessees.

ABLGI Operations
Second Quarter 2012 vs. Second Quarter of 2011

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

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

As of June 30, 2012, ABLGI has not yet started its commercial operations. However, ABLGI incurred operating expenses amounting to ₱37.7 million and ₱46.2 million in the second quarter of 2012 and 2011, respectively. These expenses are mainly attributable to the rental of land leased from Belle Corporation in which construction of the building is on-going, professional fees and other expenses related to the casino. The 2011 second quarter expenses included a one-time charge in engaging a third party consultant in connection with the capital build-up program thus is slightly higher than 2012.

BCGLC Operations
Second Quarter 2012 vs. Second Quarter of 2011

The Group acquired 70% of BCGLC's outstanding capital stock on April 27, 2011. BCGLC operates a Slot Arcade at the King's Royale Hotel and Leisure Park, Olongapo-Gapan Road, Macabacle, Bacolor, Pampanga under a license issued by the Philippine Amusement and Gaming Corporation (PAGCOR).

BCGLC generated gross revenues from slot machines totaling ₱12.9 million during the second quarter of 2012 and ₱6.3 million during the months of May and June in 2011. Total operating expenses amounted to ₱9.5 million and ₱5.3 million during the second quarter of 2012 and 2011, respectively. The increase in operating expenses by ₱4.2 million is due to the increased operating hours of the casino to 24-hour operations starting February 2012 and other reasons as stated which caused the increase in the following expenses: (1) Rental by ₱0.7 million due to increase in rental rates; (2) Salaries and Wages by ₱0.3 million; (3) Employees' Benefits by ₱0.2 million; (4)

Contracted Services by ₱0.5 million owing to the hiring of an additional consultant to boost revenues; (5) Depreciation by ₱0.5 million attributable to the purchase of new office furniture; (6) Taxes and Licenses by ₱0.04 million due to higher municipal taxes paid; (7) Communication and Utilities by ₱0.8 million and (8) "Others" Expenses by ₱1.2 million which mainly pertains to marketing expenses necessary to increase foot traffic in the establishment and improvement of privileges given to regular and VIP players. Therefore, BCGLC contributed net income of ₱2.1 million to the Group for the second quarter of 2012 and ₱0.4 million for the same period last year. The improvement in net income is mainly attributable to the increase in revenues.

BBL Operations
Second 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 ₱0.2 million during the second quarter of 2012. Total operating expenses amounted to ₱7.6 million. Thus, it posted a net loss of ₱7.4 million during the second quarter of 2012.

LRWC Consolidated Net Income

As a result of the foregoing developments, LRWC posted a consolidated net income (net of minority share) of ₱36.2 million for the second quarter of 2012, a ₱39.9 million or 1061.0% improvement from the ₱3.8 million consolidated net loss of the same period last year. The increase is mainly due to the increase in net income of LRWC's core businesses ABLE and FCLRC coupled with the decrease in pre-operating expenses of ABLGI, partially offset by the operating losses of BBL.

ABLE Operations
YTD - June 30, 2012 vs. June 30, 2011

Revenues

ABLE's total year-to-date sales for the first six months of 2012 amounted to ₱1,932.0 million, an increase of ₱163.9 million or 9.3% from the ₱1,768.1 million total sales for the same period last year. The increase in sales was mainly due to the increase in sales generated from the following: (1) Electronic Bingo (E-Bingo) by ₱254.8 million or 50.4% and (2) Rapid Bingo by ₱4.0 million or 1.8%. On the other hand, these increases were partially offset by the following decreases: (1) Traditional Bingo by ₱86.2 million or 8.4%; (2) Pull Tabs of ₱3.6 million or 46.7% and (3) Instant Charity Bingo of ₱5.1 million or 91.8%.

The traditional bingo games remain the company's principal product-line with a June 2012 year-to-date sales of ₱938.7 million or 48.6% contribution to total sales.

The sales of E-bingo operations for the first six months of 2012 at ₱760.1 million or 39.3% contribution to sales continue to grow from the time it was first launched in mid of 2002 with twenty (20) machines. ABLE continues to install machines in its bingo parlors. By the end of June 30, 2012, there were a total of 3,265 E-bingo machines in 54 bingo parlors, as compared to 2,313 E-bingo machines in 43 bingo parlors as of June 30, 2011.

Rapid Bingo sales as of June 30, 2012 contributed ₱228.7 million or 11.8% to total sales. By end of June 2012, a total of 83 Rapid Bingo terminals in 68 bingo parlors were installed, as compared to 81 Rapid Bingo terminals in 67 bingo parlors during the second quarter of 2011.

As of the second quarter ending June 30, 2012, Pull Tabs contributed ₱4.0 million as compared to ₱ 7.6 million for the same period last year.

Sales from the ICBG2 scratch cards contributed ₱0.5 million to total sales as of the second quarter of 2012 as compared to ₱5.6 million for the same period last year. Sales of ICBG2 scratch cards were discontinued at the beginning of the second quarter of 2012. It will be replaced with new game variants such as Bingo Express and Bingo Lotto in the future.

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

Expenses

ABLE's total operating expenses for the six months ended June 30, 2012, amounted to ₱1,149.0 million, for a ₱16.2 million or 1.4% decrease from ₱ 1,165.2 million for the same period in 2011. The decrease is mainly attributable to the following: (1) Payout by ₱39.6 million or 5.3% mainly due to the implementation of new gaming programs; (2) Cards & Supplies by ₱4.3 million or 20.0% due to the decrease in sales of Traditional Bingo and (3) Employees Benefits by ₱6.0 million or 12.3% due to management's continuous implementation of ABLE's cost reduction program. Nevertheless, there were increases in the operating expenses mainly attributable to the opening of several bingo parlors and as stated as follows: (1) Rental by ₱11.4 million or 11.4%; (2) Depreciation by ₱10.0 million or 38.8%; (3) Taxes and licenses by ₱2.3 million or 18.2%; (4) Communication and Utilities by ₱4.3 million or 5.9% and (5) "Others" Expenses by ₱4.5 million or 22.6% owing to enhanced marketing activities for programmed bingo games. Interest and other bank charges for the first half of the year amounted to ₱ 5.5 million for a ₱3.7 million or 39.9% decrease from last year's ₱9.2 million due to substantial loan principal payments.

Corporate Income Tax

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

Net Income

As of June 30, 2012, ABLE posted a net income (net of minority share) of ₱69.8 million, a ₱24.6 million or 54.6% improvement from the ₱45.1 million net income for the same period last year. The increase is mainly due to the increase in revenues coupled with a slight decrease in total costs and operating expenses.

FCLRC Operations
YTD - June 30, 2012 vs. June 30, 2011

FCLRC's gross revenues for the first six months of 2012 was ₱289.4 million, an increase of ₱135.4 million or 87.9% from last year's figures of ₱154.0 million. The improvement of revenues is mainly due to the increase in the revenues of locators as well as the increase in the number of operating locators.

Net Income

FCLRC posted a net income of ₱ 120.4 million as of the second quarter of 2012, a ₱52.2 million or 76.6% increase versus last year's ₱68.2 million.

Total costs and operating expenses of ₱ 72.6 million increased by ₱ 31.6 million or 77.0% from last year's figure of ₱ 41.0 million. The increase is mainly due to the Company's efforts to provide a more efficient service to its locators operating in the CSEZFP and other reasons as stated: (1) Administrative Salaries and Benefits by ₱4.9 million or 33.7%; (2) Rental by ₱ 0.9 million or 13.9%; (3) Professional Fees by ₱5.2 million or 116.3% due to hiring of consultants to establish marketing programs to generate additional revenues for the locators; (4) Taxes and licenses by ₱0.1 million or 61.1% and (5)"Others" Expenses by ₱20.7 million or 1002.6% mainly due to enhanced marketing programs to attract more locators. These increases were partly offset by the decrease in Communication Expense by ₱0.4 million or 8.9% primarily due to the Company's cost saving measures and overall financial prudence. The resulting net income in the "Other Income/(Expense) account" of ₱31.8 million or an increase of ₱15.5 million or 95.1% from last year's resulting net income of ₱16.3 million was mainly due to the growth in the other income derived from the rental of gaming facility coupled with an increase in the equity in net earnings of First Cagayan Converge Data Center, Inc. (FCCDC).

LRLDI Operations
YTD – June 30, 2012 vs. June 30, 2011

LRLDI's total revenues as of June 30, 2012 amounted to ₱4.6 million as compared to ₱8.6 million during the same period last year. The decline of ₱4.0 million or 46.5% is attributable to the rental discounts given to certain lessees. Total operating expenses amounted to ₱0.6 million and ₱0.6 million for the first six months of 2012 and 2011, respectively.

LRLDI posted a net income of ₱0.04 million as of the second quarter of 2012 and ₱3.7 million during the same period last year. The decline in net income of ₱3.6 million or 99.0% is caused by the rental discounts given to lessees.

ABLGI Operations
YTD – June 30, 2012 vs. June 30 2011

As of the first half of 2012, ABLGI has not yet started its commercial operations. However, ABLGI already incurred operating expenses amounting to ₱80.9 million and ₱46.4 million as of the second quarter of 2012 and 2011, respectively. These expenses are mainly attributable to the rental of land leased from Belle Corporation in which construction of the casino building is on-going, professional fees and other expense related to the casino. Operations of ABLGI was for the full six (6) months in 2012 as compared to 2011 when the operations of ABLGI started to pick up only sometime in April 2011.

BCGLC Operations
YTD – June 30, 2012 vs. June 30 2011

BCGLC generated gross revenues from slot machines totaling ₱24.9 million as of the second quarter of 2012 and ₱6.3 million as of the same period last year. Total operating expenses amounted to ₱18.1 million and ₱5.3 million as of the second quarter of 2012 and 2011, respectively. The increase in operating expenses by ₱12.9 million is primarily due to the increased operating hours of the casino to 24 hour-operation starting February 2012 and other reasons as stated which caused the increase in the following expenses: (1) Rental by ₱2.6 million due to increase in rental rates; (2) Salaries and Wages by ₱0.9 million; (3) Employees' Benefits by ₱0.5 million; (4) Contracted Services by ₱1.4 million owing to the hiring of an additional consultant to boost revenues; (5) Depreciation of ₱1.7 million attributable to the purchase of new office furniture; (6) Taxes and Licenses of ₱0.1 million due to higher municipal taxes paid; (7) Communication and Utilities of ₱2.4 million and (8) "Others" Expenses of ₱3.2 million which mainly pertains to marketing expenses necessary to increase foot traffic in the establishment and improvement of privileges given to regular and VIP players.

Therefore, BCGLC contributed net income of ₱4.4 million to the Group as of the second quarter of 2012 and ₱0.4 million for the same period last year. The improvement in net income is mainly attributable to the increase in revenues.

BBL Operations
YTD – June 30, 2012

As of the second quarter of 2012, BBL generated gross revenues from its electronic bingo club operations amounting to ₱0.3 million. Year-to-date operating expenses amounted to ₱17.2 million. Thus, it posted a net loss of ₱16.9 million as of June 30, 2012.

LRWC Consolidated Net Income

LRWC posted a consolidated net income (net of minority share) of ₱57.1 million, a ₱26.6 million or 87.0% improvement from the ₱30.6 million consolidated net income for the same period last year. This is mainly due to the increase in net income of LRWC's core businesses ABLE and FCLRC partially offset by the pre-operating expenses of ABLGI coupled with the operating losses of BBL.

Financial Condition – June 30, 2012 vs. December 31, 2011

On a consolidated basis, the Balance Sheet of Leisure & Resorts World Corporation (LRWC) and its subsidiaries, ABLE, FCLRC, LRLDI, BCGLC, ABLGI and BBL, continue to improve. Total assets as of June 30, 2012 amounted to ₱3,865.8 million increased by ₱163.4 million or 4.4% from ₱3,702.4 million as of December 31, 2011. Increases in assets are attributable to the following: (1) Receivables - Net by ₱95.5 million mainly attributable to FCLRC's receivables from locators and ABLE's advances for expansion projects that is projected to generate more revenues; (2) Property and Equipment - Net of ₱21.7 million mainly due to ABLGI's on-going casino project and (3) Investment and Advances of ₱49.4 million mainly due to several on-going projects which will benefit the Group in the future.

Total Liabilities increased due to the following: (1) Trade and Other Payables by ₱82.3 million due to FCLRC's liability to CEZA and ABLGI's liability to various suppliers including rent & tax accruals partially offset by LRWC's substantial payment to its suppliers and (2) Finance Lease Payable (net of current and long term) of ₱8.3 million mainly attributable to ABLE's acquisition of transportation equipment. These increases were partially offset by the following decreases: (1) Short Term Loans Payable by ₱7.2 million owing to ABLE's partial loan principal payments; (2) Income Tax Payable by ₱1.8 million due to FCLRC's varying accrual periods and (3) Long Term Loans Payable by ₱8.2 million of mainly due to ABLE and FCLRC's substantial loan principal payments.

Cash Flows – Six Months Ended June 30, 2012 vs. June 30, 2011

Cash balance as of June 30, 2012 of ₱963.0 million is lower by ₱ 65.2 million or 6.3% as compared to ₱1,028.2 million for the same period last year and this is mainly due to cash from financing activities in 2011.

Key Performance Indicators

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

	As Of	
	June 30, 2012	December 31, 2011
Liquidity		
Current Ratio	176%	181%
Leverage Ratio		
Debt to Equity	36%	34%

	For the Three Months Ended	
	June 30, 2012	June 30, 2011
Profitability Ratio		
Rate of Payout to Net Revenue	49.8%	56.2%
Return on Average Equity	4.0%	1.4%
Return on Average Assets	2.9%	1.0%
Solvency Ratio	11.2%	7.3%
Interest Coverage Ratio	9.3	-9.8

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

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

Financial Instruments

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

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

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

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

The Group has no HTM investments, AFS financial assets, and FVPL financial assets and liabilities as of as the end of the second 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 June 30, 2012 and December 31, 2011, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	06/30/2012	12/31/2011
Cash in bank	₽ 963,041,129	₽ 944,275,312
Receivables - Net *	462,057,343	366,538,712
Due from related parties – Net*	7,516,884	34,424,250
Other assets – Net*	789,731,190	777,291,451
	₽2,222,346,546	₽ 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.

Liquidity Risk

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

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

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

Market Risk

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

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

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

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

Interest Rate Risk

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

Foreign Currency Risk

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

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

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

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

Receivables/Due from Related Parties/Advances to Related and Non-related Parties /Venue Rental Deposits/Cash and Performance Bonds /Trade and Other Payables/Due to Related Parties/Rent Deposit
The carrying amounts of receivables, due from related parties, trade and other payables and due to a related party approximate their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of venue rental deposits, cash and performance bonds, advances to related and non-related parties and rent deposit approximate their fair values, because the effective interest rate used for discounting approximates the current market rate of interest for similar transactions.

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

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

Capital Management

The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flows to selective investments. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The BOD also monitors the level of dividends to shareholders.

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock and retained earnings. There were no changes in the Group's approach to capital management as of the second quarter of 2012. The Group is not subject to externally-imposed capital requirements.

Discussion and Analysis of Material Events and Uncertainties Known to Management

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

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

Plans for 2012

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

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

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

BCGLC intends to intensify their marketing campaign to increase foot traffic in the casino.

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

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

PART II – OTHER INFORMATION

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

SIGNATURES

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

Registrant: **LEISURE & RESORTS WORLD CORPORATION**

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

Date: 08/14/12

Signature and Title: GEOFFREY L. UYMATIAO, Treasurer

Date: 08/14/12

Signature and Title: MILAGROS P. MIRANDA, Finance Manager

Date: 08/14/12

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

		30-Jun-12 (Unaudited)	31-Dec-11 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	Schedule 1	963,041,129	944,275,312
Receivables - net	Schedule 2	462,057,343	366,538,712
Bingo cards		17,067,683	17,707,392
Prepaid expenses and other current assets	Schedule 3	215,086,821	218,092,976
Due from related parties	Schedule 2	7,516,884	34,424,250
Total Current Assets		**1,664,769,860**	**1,581,038,642**
Property and equipment - net	Schedule 4	425,642,763	403,903,285
Investment property	Schedule 5	124,764,221	128,655,680
Investments and advances - net	Schedule 6	249,991,368	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	789,731,190	777,291,451
Total Noncurrent Assets		**2,200,984,965**	**2,121,319,764**
TOTAL ASSETS		**3,865,754,824**	**3,702,358,406**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	Schedule 8	816,033,381	733,376,679
Short-term loans payable	Schedule 10	92,435,602	99,677,716
Current portion of long-term loans payable	Schedule 10	22,190,604	24,255,696
Current portion of obligations under finance lease		4,487,584	1,300,698
Income tax payable		4,216,554	6,062,627
Due to related party	Schedule 9	9,070,691	9,070,691
Total Current Liabilities		**948,434,416**	**873,744,107**
Noncurrent Liabilities			
Long-term loans payable - net of current portion	Schedule 10	23,552,665	31,710,900
Retirement benefits liability		40,688,877	36,632,288
Rent deposit		4,111,800	4,111,800
Obligations under finance lease - net of current portion		5,730,606	625,242
Total Noncurrent Liabilities		**74,083,948**	**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)		114,779	11,839
Retained earnings		573,524,440	516,381,581
Treasury shares		(18,694,937)	(18,694,937)
		2,668,849,931	**2,611,604,132**
Non-controlling Interest		**174,386,529**	**143,929,937**
TOTAL STOCKHOLDERS' EQUITY		**2,843,236,460**	**2,755,534,069**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**3,865,754,824**	**3,702,358,406**

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

	For the Six Months Ended June 30		For the Three Months Ended June 30	
	2012	**2011**	**2012**	**2011**
REVENUES				
Traditional bingo	**938,979,817**	1,024,918,309	**453,780,277**	506,655,070
Electronic bingo - net	**760,124,660**	505,326,493	**388,887,772**	263,457,165
Rapid bingo - net	**228,684,995**	224,704,248	**115,507,021**	113,802,606
Service and hosting fees	**289,397,362**	153,983,746	**160,212,836**	84,304,115
Pull tabs	**4,049,460**	7,602,220	**1,892,400**	3,210,040
Instant charity bingo	**460,578**	5,594,720	**23,478**	2,350,400
Slot machines	**24,881,805**	6,250,066	**12,850,590**	6,250,066
Rental income	**4,607,466**	8,618,089	**2,303,733**	4,309,045
	2,251,186,142	1,936,997,890	**1,135,458,107**	984,338,506
FRANCHISE FEES AND TAXES AND OTHER DIRECT COSTS	**835,452,408**	611,999,806	**427,669,934**	312,886,193
NET REVENUES	**1,415,733,734**	1,324,998,084	**707,788,173**	671,452,313
COSTS AND OPERATING EXPENSES				
Payout	**704,614,929**	744,131,179	**350,770,677**	369,567,438
Rentals	**177,228,289**	115,360,908	**90,237,994**	61,920,462
Salaries and wages	**98,608,472**	88,256,648	**50,007,519**	46,344,132
Communication and utilities	**85,849,619**	79,155,971	**40,552,122**	40,090,301
Employee benefits	**45,691,228**	51,970,323	**19,325,366**	22,968,312
Contracted services	**76,540,403**	86,571,370	**39,519,218**	58,114,440
Depreciation and amortization	**57,247,142**	38,550,312	**27,981,570**	22,452,816
Bingo cards and supplies	**17,118,799**	21,404,034	**8,017,725**	11,357,968
Taxes and licenses	**15,523,358**	12,594,888	**6,628,417**	6,241,373
Others	**70,955,362**	36,968,518	**32,731,760**	23,607,806
	1,349,377,600	1,274,964,151	**665,772,367**	662,665,048
OPERATING INCOME	**66,356,135**	50,033,934	**42,015,806**	8,787,266
OTHER INCOME (EXPENSE)				
Equity in net earnings of a joint venture	**19,446,736**	10,399,603	**11,064,302**	6,016,977
Finance income (expense) - net	**9,267,098**	(6,191,430)	**5,276,647**	(4,886,342)
Foreign exchange loss	**-**	(37,552)	**-**	(37,552)
	28,713,834	4,170,620	**16,340,950**	1,093,082
INCOME BEFORE INCOME TAX	**95,069,969**	54,204,554	**58,356,755**	9,880,347
INCOME TAX EXPENSE	**7,470,519**	2,783,013	**4,305,710**	1,688,120
NET INCOME	**87,599,450**	51,421,540	**54,051,046**	8,192,227
OTHER COMPREHENSIVE INCOME				
Foreign currency translation gain	**102,940**	-	**33,269**	-
TOTAL COMPREHENSIVE INCOME	**87,702,389**	51,421,540	**54,084,314**	8,192,227
Attributable to:				
Owners of the Parent Company	**57,142,858**	30,550,846	**36,157,619**	(3,762,626)
Non-controlling interest	**30,456,592**	20,870,695	**17,893,426**	11,954,853
	87,599,450	51,421,540	**54,051,046**	8,192,227
EARNINGS PER SHARE	**0.057**	0.036	**0.036**	(0.004)
INCOME PER SHARE IS COMPUTED AS FOLLOWS:				
a) Income attributable to the equity holders of the Parent Company	**57,142,858**	30,550,846	**36,157,619**	(3,762,626)
b) Weighted average number of shares outstanding	**999,877,094**	849,877,094	**999,877,094**	849,877,094
c) Basis (a/b)	**0.057**	0.036	**0.036**	(0.004)

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

	For the Six Months Ended June 30, 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 perioc	**999,877,094**	**1,114,028,555**	**0**	**516,381,581**	**11,839**	**(18,694,937)**	**143,929,937**	**2,755,534,069**
Disposal for the period								**0**
Deposit for future subscription								**0**
Translation gain (loss) during the period					**102,940**			**102,940**
Minority interests							**30,456,592**	**30,456,592**
Net income for the period				**57,142,858**				**57,142,858**
Balance at end of the period	**999,877,094**	**1,114,028,555**	**0**	**573,524,439**	**114,779**	**(18,694,937)**	**174,386,529**	**2,843,236,459**

	For the Six Months Ended June 30, 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 perioc	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						7,790,000		7,790,000
APIC - treasury shares		4,447,453						4,447,453
Deposit for future subscription			1,077,500,000					1,077,500,000
Translation gain (loss) during the period								0
Minority interests							17,795,334	17,795,334
Net income for the period				30,550,846				30,550,846
Balance at end of the period	849,877,094	133,329,312	1,077,500,000	656,412,467	0	(12,995,694)	124,221,376	2,828,344,555

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

	For the Six Months Ended	
	30-Jun-12	**30-Jun-11**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before franchise fees and taxes	**888,589,108**	642,550,652
Adjustments for:		
Depreciation	**57,247,142**	38,550,312
Equity in net income of a joint venture	**(19,446,736)**	(10,399,603)
Interest expense	**(9,267,098)**	6,191,430
Operating income before working capital changes	**917,122,418**	676,892,791
Decrease (increase) in:		
Receivables	**(95,518,631)**	735,028
Bingo cards	**639,709**	(3,709,797)
Prepaid expenses and other current assets	**3,006,155**	(23,391,237)
Increase (decrease) in:		
Trade and other payables	**82,656,702**	27,919,217
Income tax payable	**(1,846,073)**	(1,216,133)
Rent deposit	**-**	(821,000)
Retirement benefits liability	**4,056,589**	2,700,000
Cash generated from operations	**910,116,869**	679,108,868
Interest paid	**9,267,098**	(6,191,430)
Franchise fees and taxes paid	**(831,446,251)**	(611,999,806)
Net cash from operating activities	**87,937,716**	60,917,632
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	**(78,986,620)**	(132,228,190)
Additions to investment property	**3,891,459**	(8,944,881)
Decrease (increase) in investment and advances	**(29,930,706)**	(12,983,113)
Decrease (increase) in due from related parties	**26,907,366**	309,132
Decrease (increase) in goodwill	**(0)**	(9,800,842)
Decrease (increase) in other noncurrent assets	**(12,439,739)**	(44,535,229)
Net cash used in investing activities	**(90,558,240)**	(208,183,123)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment (payment) of loans payable	**(17,465,441)**	(30,002,337)
Availment (payment) of obligations under finance lease	**8,292,249**	(3,599,725)
Deposit for future subscription	**-**	1,077,500,000
Disposal (acquisitions) of treasury shares	**(0)**	12,237,453
Translation gain/loss	**102,940**	-
Increase in non-controlling interest	**30,456,592**	17,795,334
Net cash provided (used) in financing activities	**21,386,340**	1,073,930,725
NET INCREASE (DECREASE) IN CASH	**18,765,817**	926,665,234
CASH AT BEGINNING OF PERIOD	**944,275,312**	101,562,325
CASH AT END OF PERIOD	**963,041,129**	1,028,227,559

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

Schedule 1 - Cash and Cash Equivalents

Cash on hand and in banks	963,041,129
	963,041,129

Schedule 3 - Prepaid Expenses and Other Current Assets

Prepaid expenses	56,302,350
Advances to contractors	108,372,974
Advances to suppliers	13,867,110
Input VAT	35,461,166
Other current assets	1,083,222
	215,086,821

Schedule 4 - Property and Equipment

Leasehold improvements	459,455,040
Bingo equipment & paraphernalia	39,240,973
Office furnitures, fixtures and equipment	189,688,729
Condominium unit	4,791,748
Aircraft and transportation equipment	128,093,714
Total	821,270,204
Less: Accumulated depreciation	(395,627,440)
Net	**425,642,763**

Schedule 5 - Investment Property

Building	79,769,009
Construction in progress	59,200,333
Total	138,969,342
Less: Accumulated depreciation	(14,205,122)
Net	**124,764,221**

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)	19,446,736
Balance at end of the period	
BLRI (Associate)	(26,303,101)
FCCDCI (Joint Venture)	75,227,868
	48,924,767
	85,124,767
Advances	
Bindondo Leisure Resources, Inc. (BLRI)	195,303,530
Allowance for Impairment	(45,850,992)
First Cagayan Converge (FC Converge)	14,657,563
Investments - at cost	756,500
	249,991,368

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	73,733,217
Venue rental deposits and other deposits	137,370,665
Cash and performance bonds	29,460,400
Advance regulatory fee on Instant Game	15,214,241
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
	789,731,190

Schedule 8 - Trade and Other Payables

Payable to CEZA	309,647,878
Unearned hosting fees	87,923,214
Payable to PAGCOR	19,892,207
Venue rental payable	21,903,276
Cards and supplies	4,702,899
Capital expenditures	6,821,578
Accrued expenses and other payables (arising from normal business operations	365,142,329
	816,033,382

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	34,518,936
BDO	57,916,667
Total Short-term	**92,435,602**
Long-term Loans Payable	
Current Portion	
BDO	22,190,604
Noncurrent Portion	
BDO	23,552,665
Total Long-term	**45,743,269**

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

1.) Aging of Accounts Receivables

	TOTAL	1-3 Months	4-6 Months	7 months to 1 year	1 year and above	Neither past due nor impaired
Type of Accounts Receivabe						
a.) Trade Receivables						
1.) Rent Receivable	15,644,758	8,090,565	4,039,045	1,860,330	1,654,819	-
2.) Receivable from Locators	195,427,613	144,588,188	17,034,608	33,804,817	(0)	-
	211,072,371	**152,678,753**	**21,073,653**	**35,665,147**	**1,654,818**	**-**
b.) Non-Trade Receivables						
1.) Advances to non-consolidated affiliates	-	-	-	-	-	-
2.) Advances to employees	139,900,801	56,489,672	4,674,681	11,349,632	4,906,117	62,480,698
3.) Others	111,084,170	24,849,615	4,409,738	21,334,033	60,490,784	-
	250,984,972	**81,339,288**	**9,084,419**	**32,683,665**	**65,396,902**	**62,480,698**
Total Receivables	**462,057,343**					
c.) Receivables from Related Parties						
1.) Vinta Gaming Corporation	2,622,561	2,176	-	296,711	2,323,674	-
2.) First Cagayan Converge Data Center Inc.	473,684	284,211	189,474	-	-	-
3.) Insular Gaming Corporation	4,420,638	1,763,421	2,916	2,654,302	-	-
	7,516,884					
Net Receivables	**469,574,226**					

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