COVER SHEET

001-3174

SEC Registration Number

LEISURE & RESORTS WORLD CORPORATION & SUBSDIARIES

(Company's Full Name)

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

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

Ms. Carmelita D. Chan

(Contract Person)

638-5496

(Company Telephone Number)

12	31
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

Document ID

Cashier

STAMPS

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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, 2013

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

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

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

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

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

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

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

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

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

*Note: The total issued and outstanding shares are:

Common	999,877,094
Preferred	651,000,000

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) Prime Investment Korea, Inc., a newly acquired subsidiary, (PIKI – 100% owned); (5) 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 2013.

LRWC's total operating expenses amounted to ₱10.5 million and ₱4.3 million during the second quarter of 2013 and 2012, respectively while posting a year-to-date operating expenses of ₱23.3 million as of June 30, 2013 as compared to ₱11.1 million for the same period last year. Accordingly, there were increases of ₱6.2 million during the second quarter of 2013 and ₱12.2 million as of June 30, 2013. Due to the rapid expansion of the Group's operations, management has determined the need to provide for effective tools for a more efficient and competent organization. LRWC's ongoing restructuring of its organization involves the reassignment of several personnel from its subsidiaries to LRWC. The Company's main goal is to establish a shared support group which will consistently provide administrative services for all its subsidiaries. Thus, the growth in LRWC's cost and operating expenses due to the reorganization will not only improve the overall business administration but also facilitate cost-cutting measures for its subsidiaries. The increase of 12.5M in the resulting expense in the "Other Income/(Charges)" account amounting to ₱10.0 million as compared to last year's resulting other income of the same account of ₱2.5 million is mainly due to the interest expense for the bank loan obtained to facilitate ABLGI's contribution to Belle Corporation.

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

The Company's wholly-owned subsidiary, Prime Investment Korea, Inc. (PIKI) and the Philippine Amusement and Gaming Corporation (PAGCOR) executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Midas Hotel and Casino in Roxas Boulevard, Pasay City. As of June 30, 2013, PIKI has not yet started its junket gaming operations.

Starting the second quarter of 2013, LRWC recorded its 51% share in the net losses of Hotel Enterprises of the Philippines, Inc. (HEPI) amounting to ₱3.0 million.

On July 5, 2012, ABLGI together with LRWC, PLAI and Belle Corporation (Belle) executed a Memorandum of Agreement amending their existing agreements and allowing the participation of a foreign partner in the casino to further enhance the value of the project. With the entry of a foreign partner, it was agreed that LRWC and ABLGI will assist Belle in funding its own capital requirements in exchange for a share in the economic benefits to be derived by Belle and PLAI in the casino operation.

On May 31, 2013, ABLGI allocated ₱4.0 billion to Belle which will in turn use for the Belle Grande Integrated Resort and Casino Project. The payment was made in pursuant to the Agreements disclosed last October 29, 2012 and November 13, 2012 wherein ABLGI will provide funding to Belle for the Casino Project equivalent to 30% of Belle's interest, or an estimated ₱4.0 billion which was financed through debt and internally generated funds. In exchange for ABLGI's contribution, ABLGI shall be entitled to 30% of the fixed yearly income generated from the lease of all commercial spaces in the project, inclusive of the hotel, retail and casino premises. Moreover, ABLGI shall be paid fees equivalent to 30% of the 50% share of PLAI on the earnings before income tax and depreciation (EBITDA) from casino operations or 30% of PLAI's 15% share of the Net Win, whichever is higher, after deducting PLAI's royalty which is based on Gross Win.

ABLE Operations
Second Quarter 2013 vs. Second Quarter 2012

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

Revenues

ABLE generated total sales of ₱1,027.6 million for the second quarter of 2013, presenting a ₱67.7 million or 7.1% improvement from last year's second quarter sales of ₱959.9 million. The increase is attributable to the increase in sales Electronic Bingo (E-Bingo) by ₱114.4 million or 29.4% partially offset by the following decreases: (1)Traditional Bingo by ₱24.4 million or 5.4%, (2) Rapid Bingo by ₱21.3 million or 18.5% and (3) Pull Tabs by ₱1.0 million or 50.6%.

The traditional bingo was the Company's principal product line last year with a sales contribution in the second quarter of 47.3% to total sales. However, this year's total sales contribution of 41.8% brought about its drop to second place. Sales for the second quarter of 2013 was ₱429.1 million, posting a decrease of ₱24.4 million or 5.4% from ₱453.6 million during the same period in 2012.

Sales increase faster with new gaming products that are played with higher frequency and are not time bound as the traditional bingo game. E-bingo contributed 49.0% to total sales for the second quarter of 2013, amounting to ₱503.3 million as compared to 40.5% contribution amounting to ₱388.9 million during the same period in 2012.The growth by ₱114.4 million or 29.4% was due to the opening of several new bingo outlets. As of June 30, 2013, there were a total of 4,902 E-bingo machines in 70 bingo parlors as compared to 3,265 E-bingo machines in 54 bingo parlors in the second quarter of 2012.

During the second quarter of 2013, sales from Rapid bingo contributed ₱94.2 million or 9.1% to total sales as compared to ₱115.5 million or 12.0% contribution to total sales for the same period last year. There was decline in sales amounting to ₱24.6 million or 21.3% from the second quarter of 2012. By the end of June 30, 2013, there were a total of 78 Rapid bingo terminals in 70 bingo parlors as compared to 83 Rapid bingo terminals in 68 bingo parlors for the second quarter of last year.

During the second quarter of 2013, Pull Tabs contributed ₱0.9 million as compared to ₱ 1.9 million for the same period last year.

At the beginning of the second quarter of 2012, sales of the ICBG2 scratch cards were discontinued. It will be replaced with new game variants in the future.

Overall, the increase in sales of Electronic Bingo more than compensated for the decreases in sales of the other products.

Expenses

ABLE's consolidated costs and operating expenses for the second quarter of 2013 of ₱578.3 million grew by ₱11.3 million or 2.0% from ₱567.0 million in 2012. The growth is mainly attributable to the opening of several bingo parlors and other reasons as stated: (1) Rental by ₱6.6 million or 11.6%, (2) Salaries & Wages by ₱3.5

million or 10.1%; (3) Employees' Benefits by ₱4.5 million or 24.6%; (4) Contracted Services by ₱2.0 million or 7.5%; (5) Communication & Utilities by ₱2.1 million or 5.6% and (6) "Others –Net" by ₱17.1 million or 147.4% owing to enhanced marketing activities for programmed bingo games. The increase in expenses were partially offset by the following decreases: (1) Payout by ₱20.6 million or 5.9% due to the implementation of new gaming programs and (2) Cards & Supplies by ₱3.0 million or 37.0% due to the decrease in sales of Traditional Bingo. Interest and other bank charges for the quarter amounted to ₱4.0 million for a ₱1.5 million or 60.1% increase from last year's ₱2.5 million due to short term borrowings to augment working capital requirements.

Corporate Income Tax

Prior to April 2013, ABLE and its subsidiaries have been paying only the 5% franchise tax due to the following legal guidelines provided to ABLE by PAGCOR in the previous years.

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) was 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 continued to abide by the provisions of P.D. 1869 (as amended by R.A. 9487) whereby it paid the 5% Franchise Tax.

In view of the above, management has not provided for provision for income tax for the first quarter of 2013 and for the second quarter of 2012.

Moreover, the applicability of RMC No. 33-2013 was clarified by PAGCOR in a Memorandum dated July 9, 2013 stating: "Pursuant to RMC No. 33-2013, PAGCOR's contractees and licensees, which include bingo grantees, are subject to income tax, under the National Internal Revenue Code (NIRC), as amended, and no longer subject to the 5% franchise tax. In view thereof, please be advised that effective the second quarter of this year, bingo grantees should no longer remit the 5% franchise tax. However, you ("bingo grantees") are now subject to income tax.

Hence, for the second quarter of 2013, ABLE has stopped paying the 5% Franchise Tax to PAGCOR and made provisions for income tax amounting to ₱20.7 million instead.

Net Income

ABLE posted a consolidated net income (net of minority share) of ₱23.4 million for the second quarter of 2013, posting a ₱10.1 million or 30.2% decline from the ₱33.5 million net income for the same period in 2012. The decline in the net income is due to higher operating expenses.

FCLRC Operations
Second Quarter 2013 vs. Second Quarter of 2012

The Cagayan Economic Zone Authority (CEZA), mandated by law to manage Cagayan Special Economic Zone and Free Port (CSEZFP), has authorized FCLRC to license, regulate and supervise the operations of registered online gaming enterprise in CSEZFP. FCLRC, on behalf of CEZA, can issue two types of licenses: (1) interactive gaming licenses which cover all types of online gaming including casinos, lotteries, bingo, sportsbooks; and (2) restrictive licenses which limit the offerings to sports betting only. As the master licensor, FCLRC is entitled to half of the gaming levy imposed by CEZA on the gaming operators in the CSEZFP.

FCLRC generated ₱199.7 million gross revenues for the second quarter of 2013, representing a ₱39.5 million or 24.7% increase from last year's second quarter revenues of ₱160.2 million. The improvement in revenues is mainly due to the increase in the number of operational locators – 64 for this year as against 56 last year as well as the increase in locators' revenues. Hosting fees from restrictive and interactive gaming locators contributed ₱172.1 million or 86.2% of total revenues, while license application and renewal fees accounted for ₱27.6 million or 13.8%. Hosting fees of ₱ 134.5 million during the second quarter of 2012 increased by ₱37.6 million or 27.9%, while license application fees increased by ₱2.0 million or 7.7% from ₱ 25.7 million during the same period.

FCLRC posted a net income of ₱ 77.2 million for the second quarter of 2013, a ₱9.2 million or 13.5% improvement versus last year's ₱68.0 million. Total cost and operating expenses of ₱ 43.0 million increased by ₱ 3.4 million or 8.5% from last year's figure of ₱ 39.6 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 ₱2.4 million or 26.1%; (2) Rental by ₱ 1.3 million or 34.1% due to the straight line method accrual ; (3) Depreciation by ₱0.5 million or 10.9% attributable to the purchase of new office equipment and (4) Taxes & Licenses ₱ 0.02 million or 219.3% due to higher income generated. These increases were partly offset by the following decreases primarily due to the Company's cost saving measures and\ overall financial prudence: (1) Professional Fees by ₱0.5 million or 11.1% and (2) Communication by ₱0.1 million or 7.6%. The resulting net expense in the "Other Income/(Expense) account" of ₱12.0 million or a decrease of ₱6.9 million or 36.6% from last year's resulting net income of ₱18.9 million was mainly due to the increase in interest expense arising from FCLRC's payable to CEZA coupled with the decrease in the other income derived from the rental of gaming facility and the decrease in the equity in net earnings of First Cagayan Converge Data Center, Inc. (FCCDC).

LRLDI Operations
Second Quarter 2013 vs. Second Quarter of 2012

In 2010, LRLDI has completed its construction of the CyberPark building intended for lease. Accordingly in the same year, LRLDI entered into various lease agreements as lessor, with lease terms ranging from monthly to five (5) years.

LRLDI is also committed in supporting the development of Cagayan Special Economic Zone and Free Port (CSEZFP). In executing an agreement with Cagayan Premium Ventures Development Corporation (CPVDC) and Cagayan Land Property Development Corporation (CLPDC), LRLDI has established its support by investing funds into the Lal-Lo Airport Project, Cagayan Economic Zone and Freeport (CEZFP) International Airport Project and other facilities within the CSEZFP. These projects aim to improve and further advance CSEZFP into a self-sustaining industrial zone.

During the second quarter of 2013, total rental income amounted to ₱4.6 million as compared to ₱2.3 million during the same period last year. The improvement of ₱2.3 million or 97.7% is attributable to the rental income generated from the lease of dormitory facilities which started last September 2012. Total operating expenses amounted to ₱0.02 million and ₱0.08 million for the second quarters of 2013 and 2012, respectively. To further improve its performance, LRLDI implemented its cost reduction scheme, thus effectively reducing its operating expenses by ₱0.06 million. Thus, LRLDI posted a net income of ₱1.3 million during the second quarter of 2013 and ₱0.2 million during the same time last year. Due to the increase in rental income as well as the decrease in operating expenses, there was an improvement in the net income by ₱1.1 million.

ABLGI Operations
Second Quarter 2013 vs. Second Quarter of 2012

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.

ABLGI has not started its commercial operations as of June 30, 2013. Total comprehensive loss amounted to ₱5.7 million in 2013 as compared to ₱37.7 million in 2012. The significant decrease in pre-operating expenses is principally attributable to the amendment of the Operating Agreement with Belle Corporation in 2012 which effectively terminated the casino land and building leases which were in the original agreement to be paid by ABLGI. Moreover, during the second quarter of 2013, there was a recovery of rent paid to Belle Corporation in 2011 amounting to ₱38.5 million presented as “Other Income” which substantially decreased its net loss.

BCGLC Operations
Second Quarter 2013 vs. Second Quarter of 2012

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

BCGLC generated gross revenues from slot machines totaling ₱9.7 million during the second quarter of 2013 and ₱12.9 million during the second quarter of 2012. Total operating expenses amounted to ₱9.3 million and ₱9.5 million during the second quarter of 2013 and 2012, respectively. The decrease in operating expenses by ₱0.2 million of 1.9% is due to the cost cutting measures implemented by the Company which resulted in the decrease of the following: (1) Salaries & Wages by ₱0.2 million or 41.0% and (2) Employees Benefits by ₱0.2 million or 44.1% due to the hiring of contractual employees under manpower agency to replace resigned regular employees and (3) “Others” Expenses by ₱0.4 million or 13.9%. These decreases were partially offset by the following increases: (1) Rental by ₱0.2 million or 10% due to increase in rental rates effective November 2012; (2) Contracted Services by ₱0.3 million or 38.2% due to the hiring of contractual employees to replace resigned regular employees and (3) Taxes & Licenses by ₱0.07 million or 60.8% due to higher municipal taxes paid. Therefore, BCGLC contributed net income of ₱0.3 million to the Group for the second quarter of 2013 and ₱2.1 million for the same period last year. The decrease in net income is mainly attributable to the decrease in revenues.

BBL Operations
Second Quarter 2013 vs. Second Quarter of 2012

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

BBL generated gross revenues from its electronic bingo club operations amounting to ₱0.2 million and ₱0.2 million during the second quarter of 2013 and 2012, respectively. Total operating expenses amounted to ₱7.5 million during the second quarter of 2013 and ₱7.6 million during the same period last year. Thus, it posted a net loss of ₱7.1 million during the second quarter of 2013 and ₱7.4 million during the same period last year.

LRWC Consolidated Net Income

As a result of the foregoing developments, LRWC posted a consolidated net income (net of minority share) of ₱48.0 million for the second quarter of 2013, a ₱11.8 million or 32.8% improvement from the ₱36.2 million consolidated net income of the same period last year. The growth is mainly due to the increase in net income of FCLRC coupled with substantial decrease in the pre-operating expenses of ABLGI partially offset by the decrease in net income of ABLE.

ABLE Operations
YTD - June 30, 2013 vs. June 30, 2012

Revenues

ABLE's total year-to-date sales for the first six months of 2013 amounted to ₱2,018.4 million, an increase of ₱86.4 million or 4.5% from the ₱1,932.0 million total sales for the same period last year. The increase in sales was mainly due to the increase in sales generated from Electronic Bingo (E-Bingo) by ₱214.1 million or 28.2% partially offset by the decreases in the following: (1) Traditional Bingo by ₱84.5 million or 9.0%; (2) Rapid Bingo by ₱41.1 million or 18.0% and (3) Pull Tabs of ₱2.1 million or 52.7%.

The traditional bingo games is no longer the company's principal product-line with a June 2013 year-to-date sales of ₱854.2 million or 42.3% contribution to total sales.

The sales of E-bingo operations for the first six months of 2013 at ₱974.7 million or 48.3% 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, 2013, there were a total of 4,902 E-bingo machines in 70 bingo parlors, as compared to 3,265 E-bingo machines in 54 bingo parlors as of June 30, 2012.

Rapid Bingo sales as of June 30, 2013 contributed ₱187.6 million or 9.3% to total sales. By end of June 2013, a total of 78 Rapid Bingo terminals in 70 bingo parlors were installed, as compared to 83 Rapid Bingo terminals in 68 bingo parlors during the second quarter of 2012.

As of the second quarter ending June 30, 2013, Pull Tabs contributed ₱1.9 million as compared to ₱ 4.0 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 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, 2013, amounted to ₱1,135.4 million, for a ₱13.6 million or 1.2% decline from ₱1,149.0 million for the same period in 2012. The decrease is mainly attributable to the following: (1) Payout by ₱47.0 million or 6.7% mainly due to the implementation of new gaming programs; (2) Employees Benefits by ₱3.4 million or 8.0% and (3) Cards & Supplies by ₱7.3 million or 42.6% due to the decrease in sales of Traditional Bingo 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) Rentals by ₱16.2 million or 14.6%; (2) Salaries & Wages by ₱8.6 million or 12.5%; (3) Contracted Services by ₱7.3 million or 14.2%; (4) Communication and Utilities by ₱4.0 million or 5.1% and (5) "Others" Expenses by ₱8.7 million or 35.3% owing to enhanced marketing activities for programmed bingo games. Interest and other bank charges for the first half of the year amounted to ₱ 4.3 million for a ₱1.2 million or 22.4% decrease from last year's ₱5.5 million due to substantial loan principal payments made during the first quarter of 2013.

Corporate Income Tax

Management has made provisions for income tax starting the second quarter of 2013 as discussed above in the quarterly analysis.

Net Income

As of June 30, 2013, ABLE posted a net income (net of minority share) of ₱51.7 million, an ₱18.0 million or 25.8% reduction from the ₱69.8 million net income for the same period last year. Despite the improvement in revenues coupled with a decrease in cost and operating expenses, ABLE's increased payments for franchise and regulatory fees accompanying the increase in revenues resulted in the decrease in the net income.

FCLRC Operations
YTD - June 30, 2013 vs. June 30, 2012

FCLRC's gross revenues for the first six months of 2013 was ₱376.4 million, an increase of ₱87.0 million or 30.1% from last year's figures of ₱289.4 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 ₱ 148.5 million as of the second quarter of 2013, a ₱28.1 million or 23.4% increase versus last year's ₱120.4 million.

Total costs and operating expenses of ₱ 86.9 million increased by ₱ 14.3 million or 19.7% from last year's figure of ₱ 72.6 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 25.2%; (2) Rental by ₱ 1.8 million or 23.6% due to the straight line method accrual ; (3) Depreciation by ₱0.8 million or 9.4% attributable to the purchase o new office equipment and (4)"Others" Expenses by ₱10.2 million or 44.8% mainly due to enhanced marketing programs to attract more locators. These increases were partly offset by the decreases in the following: (1) Professional Fees by ₱ 1.7 million or 17.7% and (2) Communication Expense by ₱1.8 million or 47.7% primarily due to the Company's cost saving measures and overall financial prudence. The resulting net income in the "Other Income/(Expense) account" of ₱34.8 million or an increase of ₱3.0 million or 9.3% from last year's resulting net income of ₱31.8 million was mainly due to the growth in the other income derived from the rental of gaming facility coupled with an increase in the equity in net earnings of First Cagayan Converge Data Center, Inc. (FCCDC) partially offset by the increase in interest expenses arising from FCLRC's payable to CEZA.

LRLDI Operations
YTD – June 30, 2013 vs. June 30, 2012

LRLDI's total revenues as of June 30, 2013 amounted to ₱9.1 million as compared to ₱4.6 million during the same period last year. The growth by ₱4.5 million or 97.7% is attributable to the rental income generated from the lease of dormitory facilities which started last September 2012. Total operating expenses amounted to ₱0.1 million and ₱0.6 million for the first six months of 2013 and 2012, respectively.

LRLDI posted a net income of ₱2.0 million as of the second quarter of 2013 and ₱0.04 million during the same period last year. The improvement in net income of ₱1.9 million or 98.2% is due to the increase in rental income coupled with a decrease in operating expenses.

ABLGI Operations
YTD – June 30, 2013 vs. June 30 2012

As of the first half of 2013, ABLGI has not yet started its commercial operations. Year to date comprehensive loss amounted to ₱13.7 million in 2013 as compared to ₱80.9 million in 2012. The significant decrease in pre-operating expenses is principally attributable to the amendment of the Operating Agreement with Belle Corporation in 2012 which effectively terminated the casino land and building leases to be paid by ABLGI. Moreover, during the second quarter of 2013, there was a recovery of rent paid to Belle Corporation in 2011 amounting to ₱38.5 million presented as "Other Income" which substantially decreased its net loss.

BCGLC Operations
YTD – June 30, 2013 vs. June 30 2012

BCGLC generated gross revenues from slot machines totaling ₱20.5 million as of the second quarter of 2013 and ₱24.9 million as of the same period last year. Total operating expenses amounted to ₱19.3 million and ₱18.1 million as of the second quarter of 2013 and 2012, respectively. The increase in operating expenses by ₱1.1 million or 6.4% is mainly due to the following: (1) Rental by ₱0.4 million or 10% due to increase in rental rates effective November 2012; (2) Contracted Services by ₱0.6 million or 35.0% due to the hiring of contractual employees under manpower agency to replace resigned regular employees; (3) Taxes & Licenses by ₱0.1 million or 59.2% due to higher municipal taxes paid and (4) "Others" Expenses by ₱0.5 million or 11.2% which pertains to the marketing expenses necessary to increase foot traffic in the establishment and improvement of privileges given to regular and VIP players. These increases were partially offset by Salaries and Wages by ₱0.4 million or 39.6% due to shift from hiring regular employees to contractual employees under manpower agency.

Therefore, BCGLC contributed net income of ₱1.1 million to the Group as of the second quarter of 2013 and ₱4.4 million for the same period last year. The decrease in net income is mainly attributable to the decrease in revenues coupled with the slight increase in operating expenses.

BBL Operations
YTD – June 30, 2013 vs. June 30, 2012

As of the second quarter of 2013, BBL generated gross revenues from its electronic bingo club operations amounting to ₱0.3 million and ₱0.3 million during the same period last year. Year-to-date operating expenses amounted to ₱14.5 million and ₱17.2 million as of the second quarter of 2013 and 2012, respectively. The decrease in operating expenses is mainly due to the Company's cost saving measures. Thus, it posted a net loss of ₱14.1 million as of June 30, 2013 and ₱16.9 million as of June 30, 2012.

LRWC Consolidated Net Income

LRWC posted a consolidated net income (net of minority share) of ₱102.5 million, a ₱45.3 million or 79.3% improvement from the ₱57.1 million consolidated net income for the same period last year. This is mainly due to the increase in net income of FCLRC coupled with the substantial decrease in the pre-operating expenses of ABLGI partially offset by the decrease in net income of ABLE.

Financial Condition – June 30, 2013 vs. December 31, 2012

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, 2013 amounted to ₱8,360.4 million increased by ₱4,436.3 million or 113.1% from ₱3,924.0 million as of December 31, 2012. Increases in assets are attributable to the following: (1) Cash by ₱74.9 million mainly attributable to ABLGI's recovery of 2011 rental payments from Belle Corporation; (2) Receivables - Net by ₱20.3 million mainly due to FCLRC's receivables from locators and LRLDI' receivables from lessees; (3) Bingo cards and supplies by ₱5.6 million mainly due to ABLE's increase in level of inventory to support their new gaming dynamics; (4) Due from Related Parties by ₱52.0 million due to several on-going projects which will benefit the Group in the future; (5) Investment and Advances by ₱4,243.2 million principally due to ABLGI's contribution to Belle pursuant to their Agreements and (6) Other Non Current Assets by ₱34.6 million due to ABLE's deposits to venue, PAGCOR bonds and others as a result of the opening of several bingo parlors.

Total Liabilities increased due to the following: (1) Short Term Loans Payable by ₱1,101.6 million due to bank loans availed by LRWC to facilitate ABLGI's contribution to Belle (subsequently paid in July) as well as ABLE and FCLRC's bank loans to facilitate their short term capital requirements; (2) Trade and Other Payables by ₱183.9 million due to FCLRC's liability to CEZA and ABLE's liability to various suppliers partially offset by ABLGI's substantial payment to its suppliers; (3) Income Tax Payable by ₱22.3 million mainly due to ABLE's provision for tax income tax; (4) Long Term Loans Payable (net of current and long term) of ₱2,969.9 million mainly attributable to ABLGI's bank loan used for contribution to Belle and (5) Retirement Liability by ₱4.8 million attributable to ABLE's accrual of retirement obligation. These increases were partially offset by the decrease in Finance Lease Payable by ₱1.3 million owing to ABLE's partial loan principal payments.

Cash Flows – Six Months Ended June 30, 2013 vs. June 30, 2012

Cash balance as of June 30, 2013 of ₱289.4 million decreased by ₱ 673.6 million or 69.9% from ₱963.0 million for the same period last year; the decline is primarily due to cash used in investing activities arising from ABLGI's contribution to Belle coupled with the lower beginning balance of cash for this year as compared to 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	
	June 30, 2013	December 31, 2012
Liquidity		
Current Ratio	42%	91%
Leverage Ratio		
Debt to Equity	166%	32%

	For the Six Months Ended	
	June 30, 2013	June 30, 2012
Profitability Ratio		
Rate of Payout to Net Revenue	46.2%	50.7%
Return on Average Equity	3.3%	4.0%
Return on Average Assets	1.7%	2.9%
Solvency Ratio	3.1%	11.6%
Interest Coverage Ratio	3.5	7.2

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

Key Performance Indicators	
Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity
Rate of Payout to Net Revenue	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 2013 and 2012 respectively.

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

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

Financial Risk Management

<u>Financial Risk Management Objectives and Policies</u>

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

The main purpose of the Group's dealings in financial instruments is to fund their respective operations and capital expenditures. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

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

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

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

Credit Risk

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

Financial information on the Group's maximum exposure to credit risk as of the first quarter ending June 30, 2013 and as of December 31 2012, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	06/30/13	12/'31/12
Cash in banks	**P265,955,452**	P191,066,141
Receivables – net	**311,660,275**	291,351,293
Due from related parties	**98,436,765**	46,395,389
Venue rental and other deposits	**110,154,318**	145,661,153
Cash and performance bonds	**76,007,500**	45,100,000
	P862,214,310	P719,573,976

Cash in Banks/Short-term Investments
The management evaluates the financial condition of the banking industry and bank deposits/investments are maintained with reputable banks only.

Receivables
Majority of the Group's credit risk on receivables is attributed to its internet gaming licensing activities influenced mainly by the individual characteristics of each customer and non-interest bearing advances made to entities with similar operations. The demographics of the Group's customer base, including the default risk of the industry and regions in which customers operate, has an influence on credit risk.

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

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

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. As of June 30, 2013, there were no significant concentrations of credit risk.

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

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

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

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

Liquidity Risk

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

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

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

Market Risk

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

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

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

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

Interest Rate Risk
The Group's exposure to the risk for changes in market interest rate relates primarily to its short-term and long-term debt obligations with variable interest rates. The Group's interest rate risk exposure relates to the 90 day MART1 and LIBOR benchmark plus a designated bank spread. The Treasury Department, through its

competencies of managing short-term and long-term debt obligations, transacts with creditors to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rate.

Foreign Currency Risk
The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than the Philippine peso, mostly in U.S. dollar ($). In respect of monetary assets and liabilities held in currencies other 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 and Cash Equivalents/Receivables/Due from Related Parties/Venue Rental and Other Deposits/Cash and Performance Bonds /Trade and Other Payables/Due to a Related Party/Rent Deposit
The carrying amounts of cash and cash equivalents, receivables, due from related parties, trade and other payables and due to a related party approximate their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of venue rental and other deposits, cash and performance bonds and rent deposit approximate their fair values, because the effective interest rate used for discounting approximates the current market rate of interest for similar transactions.

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

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

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

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as of June 30, 2013 and 2012. The Group is not subject to externally-imposed capital requirements.

Adoption of New or Revised Standards, Amendment to Standards and Interpretations

The Group has adopted the following amendment to standards and interpretations starting January 1, 2013 and accordingly, changed its accounting policies. The adoption of this amendment to standards and interpretations did not have any significant impact on the Group's interim consolidated financial statements.

- Presentation of Items of Other Comprehensive Income (Amendments to PAS 1). The amendments:

    - require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would

never be reclassified to profit or loss;
- do not change the existing option to present profit or loss and other comprehensive income in two statements; and
- change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.

The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other PFRSs continue to apply in this regard. These amendments are effective on July 1, 2012 with earlier application permitted and are applied retrospectively.

- PFRS 10 Consolidated Financial Statements

  PFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees.

  An investor controls an investee when:

  - it is exposed or has rights to variable returns from its involvement with that investee;
  - it has the ability to affect those returns through its power over that investee; and
  - there is a link between power and returns.

  Control is re-assessed as facts and circumstances change.

  PFRS 10 supersedes PAS 27 (2008) Consolidated and Separate Financial Statements and Philippine Interpretation SIC-12 Consolidation - Special Purpose Entities. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- PFRS 11 Joint Arrangements

  PFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It:

  - distinguishes joint arrangements between joint operations and joint ventures; and
  - always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.

  PFRS 11 supersedes PAS 31 Interests in Joint Ventures and Philippine Interpretation SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- PFRS 12 Disclosure of Interests in Other Entities

  PFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e., joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate:

  - the nature of, and risks associated with, an entity's interests in other entities; and
  - the effects of those interests on the entity's financial position, financial performance and cash flows.

  This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to PFRS 10, PFRS 11, and PFRS 12)

  The amendments simplify the process of adopting PFRSs 10 and 11, and provide relief from the disclosures in respect of unconsolidated structured entities. Depending on the extent of comparative information provided in the financial statements, the amendments simplify the transition and provide additional relief from the disclosures that could have been onerous. The amendments limit the restatement of comparatives to the immediately preceding period; this applies to the full suite of standards. Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged. In addition, the date of initial application is now defined in PFRS 10 as the beginning of the annual reporting period in which the standard is applied for the first time. At this date, an entity tests whether there is a change in the consolidation conclusion for its investees. These amendments are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- PFRS 13 Fair Value Measurement

  PFRS 13 replaces the fair value measurement guidance contained in individual PFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other PFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

  This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- PAS 19 Employee Benefits (Amended 2011)

  The amended PAS 19 includes the following requirements:

  - actuarial gains and losses are recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which is currently allowed under PAS 19; and
  - expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

  This amendment is effective for annual periods beginning on or after January 1, 2013 and is applied retrospectively with early adoption permitted.

  For defined benefit plans, removal of the corridor approach for recognition of actuarial gains and losses is expected to have an impact on the Group's consolidated financial statements. Amount of impact is estimated at P12,193,786 which will be immediately recognized in other comprehensive income.

- PAS 28 Investments in Associates and Joint Ventures (2011)

  PAS 28 (2011) supersedes PAS 28 (2008) Investments in Associates. PAS 28 (2011) makes the following amendments:

  - PFRS 5 Non-current Assets Held for Sale and Discontinued Operations applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and
  - on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest.

  This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- Annual Improvements to PFRSs 2009 - 2011 Cycle - various standards contain amendments to five standards with consequential amendments to other standards and interpretations. The amendments are effective for annual periods beginning on or after January 1, 2013. The following are the said improvements or amendments to PFRSs, none of which has a significant effect on the consolidated financial statements of the Group:

- PAS 32 Financial Instruments Presentation - Income Tax Consequences of Distributions. This is amended to clarify that PAS 12 Income Taxes applies to the accounting for income taxes relating to:

    - distributions to holders of an equity instrument; and
    - transaction costs of an equity transaction.

  This amendment removes a perceived inconsistency between PAS 32 and PAS 12. Before the amendment, PAS 32 indicated that distributions to holders of an equity instrument are recognized directly in equity, net of any related income tax. However, PAS 12 generally requires the tax consequences of dividends to be recognized in profit or loss.

  A similar consequential amendment has also been made to Philippine Interpretation IFRIC 2 Members' Share in Co-operative Entities and Similar Instruments.

    - PAS 34 Interim Financial Reporting - Segment Assets and Liabilities. This is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in PFRS 8 Operating Segments. PAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when:

    - the amount is regularly provided to the chief operating decision maker; and
    - there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

To be Adopted on January 1, 2014

- Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32). These amendments clarify that:

    - An entity currently has a legally enforceable right to set-off if that right is:
        - not contingent on a future event; and
        - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

    - Gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
        - eliminate or result in insignificant credit and liquidity risk; and
        - process receivables and payables in a single settlement process or cycle.

These amendments are effective for annual periods beginning on or after January 1, 2014 and are to be applied retrospectively.

The Standard on Government Loans (Amendments to PFRS 1) is not applicable to the Company because the Company does not have any Government Loans.

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 2014

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

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

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

BCGLC intends to intensify their marketing campaign to increase foot traffic in the casino as well as extend their operating hours.

ABLGI, as a result of the amendment of the agreement among LRWC, ABLGI, PLAI and Belle Corporation making way for the participation of a foreign partner in the casino project, will assist Belle Corporation in the funding of its own capital requirements in exchange for a share in the economic benefits to be derived by Belle and PLAI in the casino operation.

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

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

PART II – OTHER INFORMATION

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

SIGNATURES

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

Registrant: **LEISURE & RESORTS WORLD CORPORATION**

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

Date: 08/14/13

Signature and Title: CARMELITA D. CHAN, Treasurer

Date: 08/14/13

Signature and Title: MILAGROS P. MIRANDA, Finance Manager

Date: 08/14/13

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

		30-Jun-13 (Unaudited)	31-Dec-12 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	Schedule 1	289,445,380	191,066,141
Receivables - net	Schedule 2	311,660,275	291,351,293
Bingo cards		21,627,392	16,030,727
Prepaid expenses and other current assets	Schedule 3	236,262,271	243,603,774
Due from related parties	Schedule 2	98,436,765	46,395,389
Total Current Assets		**957,432,084**	**788,447,324**
Property and equipment - net	Schedule 4	309,508,797	321,635,809
Investment property - net	Schedule 5	117,470,620	121,417,474
Investments and advances - net	Schedule 6	5,899,523,525	1,656,287,126
Deferred tax assets		64,951,441	60,395,686
Goodwill - net		547,318,689	546,318,689
Other assets - net	Schedule 7	464,166,547	429,546,537
Total Noncurrent Assets		**7,402,939,619**	**3,135,601,321**
TOTAL ASSETS		**8,360,371,703**	**3,924,048,645**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	Schedule 8	926,489,687	742,630,232
Short-term loans payable	Schedule 10	1,197,020,500	95,464,000
Current portion of long-term loans payable	Schedule 10	114,910,522	12,567,271
Current portion of obligations under finance lease		371,060	93,014
Income tax payable		27,169,275	4,837,672
Due to related party	Schedule 9	9,070,691	9,070,690
Total Current Liabilities		**2,275,031,736**	**864,662,879**
Noncurrent Liabilities			
Long-term loans payable - net of current portion	Schedule 10	2,886,660,144	19,143,629
Retirement benefits liability		47,846,956	43,061,566
Rent deposit		4,421,800	4,731,800
Obligations under finance lease - net of current portion		8,633,059	10,196,701
Total Noncurrent Liabilities		**2,947,561,958**	**77,133,696**
Stockholders' Equity			
Common and Preferred Stock - P1 par value			
Authorized - 5,000,000,000 shares (2,500,000,000 Common Shares and 2,500,000,000 Preferred Shares)			
Subscribed			
Common (199,975,418 shares to be issued from stock dividend - *please see Note 4*)			
Preferred (651,000,000 shares of which Subscription Receivable amounted to P638,231,563)		12,768,437	-
Issued - 999,877,094 shares		999,877,094	999,877,094
Additional paid-in capital		1,114,028,555	1,114,028,555
Functional currency translation reserve		(548,473)	67,398
Retained earnings		823,935,818	721,460,608
Treasury shares		(18,694,937)	(18,694,937)
		2,931,366,493	**2,816,738,718**
Non-controlling Interest		**206,411,515**	**165,513,352**
TOTAL STOCKHOLDERS' EQUITY		**3,137,778,009**	**2,982,252,070**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**8,360,371,703**	**3,924,048,645**

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	
	2013	**2012**	**2013**	**2012**
REVENUES				
Traditional bingo	**854,185,848**	938,694,580	**429,113,774**	453,057,939
Electronic bingo - net	**975,002,971**	760,870,475	**503,500,325**	389,633,587
Rapid bingo - net	**187,585,521**	228,684,995	**94,201,606**	115,507,021
Service and hosting fees	**376,382,668**	289,397,362	**199,735,963**	160,212,836
Pull tabs	**1,914,770**	4,049,460	**935,640**	1,892,400
	2,395,071,778	2,221,696,871	**1,227,487,308**	1,120,303,784
FRANCHISE FEES AND TAXES	**971,246,275**	831,446,251	**487,938,326**	425,670,178
NET REVENUES	**1,423,825,503**	1,390,250,621	**739,548,982**	694,633,606
COSTS AND OPERATING EXPENSES				
Payouts	**657,681,591**	704,614,929	**330,175,548**	350,770,677
Rent	**164,768,611**	177,228,289	**81,692,369**	90,237,994
Salaries and wages	**115,811,965**	98,608,472	**63,336,722**	50,007,519
Communication and utilities	**88,868,838**	85,849,619	**42,954,721**	40,552,122
Contracted services	**84,503,301**	76,540,403	**41,539,934**	39,519,218
Depreciation and amortization	**58,961,761**	61,253,299	**29,188,119**	29,988,438
Employee benefits	**44,649,683**	45,691,228	**18,704,672**	19,325,366
Taxes and licenses	**29,659,133**	15,523,358	**21,579,101**	6,628,417
Bingo cards and supplies	**9,911,254**	17,118,799	**4,712,817**	8,017,725
Others	**82,100,932**	70,955,362	**49,736,446**	32,724,647
	1,336,917,071	1,353,383,757	**683,620,451**	667,772,123
OPERATING INCOME	**86,908,433**	36,866,864	**55,928,532**	26,861,483
OTHER INCOME (EXPENSE)				
Equity in net earnings of a joint venture	**21,255,492**	19,446,736	**10,378,291**	11,064,302
Equity in net loss of an associate	**(5,715,219)**	-	**(4,030,218)**	-
Finance income (expense) - net	**(52,201,558)**	9,267,098	**(43,253,703)**	16,304,806
Other income	**122,042,512**	29,489,271	**75,200,947**	4,126,164
	85,381,226	58,203,105	**38,295,317**	31,495,273
INCOME BEFORE INCOME TAX	**172,289,658**	95,069,969	**94,223,849**	58,356,755
INCOME TAX EXPENSE	**29,141,285**	7,470,519	**25,418,158**	4,305,710
NET INCOME	**143,148,374**	87,599,450	**68,805,691**	54,051,046
Attributable to:				
Owners of the Parent Company	**102,475,210**	57,142,858	**48,004,011**	36,157,619
Non-controlling interest	**40,673,163**	30,456,592	**20,801,680**	17,893,426
	143,148,374	87,599,450	**68,805,691**	54,051,046
OTHER COMPREHENSIVE INCOME				
Foreign currency translation gain (loss)	**(548,473)**	102,940	**(565,269)**	33,269
TOTAL COMPREHENSIVE INCOME	**142,599,900**	87,702,389	**68,240,422**	54,084,314
Attributable to:				
Owners of the Parent Company	**101,926,737**	57,245,797	**47,438,741**	36,190,888
Non-controlling interest	**40,673,163**	30,456,592	**20,801,680**	17,893,426
	142,599,900	87,702,389	**68,240,422**	54,084,314
EARNINGS PER SHARE	**0.102**	0.057	**0.048**	0.036
INCOME PER SHARE IS COMPUTED AS FOLLOWS:				
a) Net Income	**102,475,210**	57,142,858	**48,004,011**	36,157,619
b) Weighted average number of common shares	**999,877,094**	999,877,094	**999,877,094**	999,877,094
c) Basis (a/b)	**0.102**	0.057	**0.048**	0.036

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

	For the Six Months Ended June 30, 2013						
	Capital Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Functional Currency Transalation Reserve**	**Treasury Shares**	**Minority Interests**	**Total**
Balance at beginning of the period	**999,877,094**	**1,114,028,555**	**721,460,608**	**67,398**	**(18,694,937)**	**165,513,352**	**2,982,252,070**
Paid-up capital - Preferred	**12,768,437**						**12,768,437**
Translation gain (loss) during the period				**(615,871)**			**(615,871)**
Minority interests						**40,898,163**	**40,898,163**
Net income for the period			**102,475,210**				**102,475,210**
Balance at end of the period	**1,012,645,531**	**1,114,028,555**	**823,935,818**	**(548,473)**	**(18,694,937)**	**206,411,515**	**3,137,778,009**

	For the Six Months Ended June 30, 2012						
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Functional Currency Transalation Reserve	Treasury Shares	Minority Interests	Total
Balance at beginning of the period	999,877,094	1,114,028,555	516,381,581	11,839	(18,694,937)	143,929,937	2,755,534,069
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	573,524,439	114,779	(18,694,937)	174,386,529	2,843,236,459

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

	For the Six Months Ended	
	30-Jun-13	**30-Jun-12**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before franchise fees and taxes	**1,073,721,485**	888,589,108
Adjustments for:		
Depreciation	**58,961,761**	57,247,142
Equity in net loss of an associate	**5,715,219**	-
Equity in net earnings of a joint venture	**(21,255,492)**	(19,446,736)
Finance income (expense) - net	**52,201,558**	(9,267,098)
Operating income before working capital changes	**1,169,344,533**	917,122,418
Decrease (increase) in:		
Receivables	**(20,308,982)**	(95,518,631)
Bingo cards	**(5,596,665)**	639,709
Prepaid expenses and other current assets	**7,341,503**	3,006,155
Increase (decrease) in:		
Trade and other payables	**183,859,455**	82,656,702
Income tax payable	**22,331,603**	(1,846,073)
Rent deposit	**(310,000)**	-
Retirement benefits liability	**4,785,390**	4,056,589
Cash generated from operations	**1,361,446,836**	910,116,869
Finance income (expense) - net	**(52,201,558)**	9,267,098
Franchise fees and taxes paid	**(971,246,275)**	(831,446,251)
Net cash from operating activities	**337,999,003**	87,937,716
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal (Acquisitions) of property and equipment - net	**(46,834,750)**	(78,986,620)
Disposal (Acquisitions) of investment property - net	**3,946,854**	3,891,459
Decrease (increase) in investment and advances	**(4,227,696,126)**	(29,930,706)
Decrease (increase) in due from related parties	**(52,041,376)**	26,907,366
Decrease (increase) in deferred tax assets	**(4,555,755)**	-
Decrease (increase) in other assets	**(35,620,010)**	(12,439,740)
Net cash used in investing activities	**(4,362,801,163)**	(90,558,240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment (payment) of loans payable - net	**4,071,416,266**	(17,465,441)
Availment (payment) of obligations under finance lease - net	**(1,285,596)**	8,292,249
Paid up capital - preferred	**12,768,437**	-
Functional currency translation reserve	**(615,871)**	102,940
Increase in non-controlling interest	**40,898,163**	30,456,592
Net cash provided (used) in financing activities	**4,123,181,399**	21,386,340
NET INCREASE (DECREASE) IN CASH	**98,379,239**	18,765,817
CASH AT BEGINNING OF PERIOD	**191,066,141**	944,275,312
CASH AT END OF PERIOD	**289,445,380**	963,041,129

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Unaudited Consolidated Financial Statements
As of June 30, 2013

Schedule 1 - Cash and Cash Equivalents

Cash in banks	265,955,452
Cash on hand and payout fund	23,489,928
	289,445,380

Schedule 3 - Prepaid Expenses and Other Current Assets

Prepaid expenses	32,900,358
Advances to contractors	121,137,558
Advances to suppliers	13,867,110
Rent deposit	34,011,857
Input VAT	26,946,676
Other current assets	7,398,712
	236,262,271

Schedule 4 - Property and Equipment

Leasehold improvements	378,393,658
Bingo equipment & paraphernalia	39,892,103
Office furnitures, fixtures and equipment	199,572,231
Condominium unit	4,791,748
Construction in progress	1,008,605
Aircraft and transportation equipment	142,360,914
Total	766,019,260
Less: Accumulated depreciation	(456,510,462)
Net	**309,508,797**

Schedule 5 - Investment Property

Land improvements	59,200,333
Building	80,322,955
Total	139,523,288
Less: Accumulated depreciation	(22,052,668)
Net	**117,470,620**

Schedule 6 - Investment and Advances

Investment - at equity	
Acquisition costs:	
Associate:	
Binondo Leisure Resources, Inc. (BLRI) - 30%	21,200,000
Techzone Philippines, Inc. (TPI) - 50%	50,625,000
Hotel Enterprises of the Philippines (HEPI) - 51%	777,074,049
	848,899,049
Joint venture:	
First Cagayan Converge Data Center Inc. (FCCDCI) - 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)
TPI (Associate)	(524,220)
HEPI (Associate)	-
FCCDCI (Joint Venture)	74,408,276
Net equity in earnings (losses) for the period	
BLRI (Associate)	-
TPI (Associate)	(2,745,418)
HEPI (Associate)	(2,969,802)
FCCDCI (Joint Venture)	21,255,492
Balance at end of the period	
BLRI (Associate)	(26,303,101)
TPI (Associate)	(3,269,638)
HEPI (Associate)	(2,969,802)
FCCDCI (Joint Venture)	95,663,768
	63,121,227
	927,020,276

Advances	
Hotel Enterprises of the Philippines (HEPI)	106,350,000
Bindondo Leisure Resources, Inc. (BLRI)	155,756,566
Allowance for Impairment	(40,000,000)
Belle Corporation	4,078,240,463
FCCDCI (Joint Venture)	14,047,373
AB Fiber	19,950,000
Cagayan Premium Ventures Development Corporation (CPVDC)	622,270,672
Cagayan Land Property Development Corporation (CLPDC)	15,131,675
Investments - at cost	756,500
	5,899,523,525

Schedule 7 - Other Assets

Land rights	186,078,447
Airstrip improvements - net of amortization	65,058,721
Venue rental deposits and other deposits	110,154,318
Cash and performance bonds	76,007,500
Advance regulatory fee on Instant Game	12,864,993
Operating licenses	4,253,690
Others	9,748,877
	464,166,547

Schedule 8 - Trade and Other Payables

Payable to CEZA	473,991,701
Unearned hosting fees	112,659,688
Payable to PAGCOR	23,773,926
Venue rental payable	22,129,181
Cards and supplies	6,441,936
Capital expenditures	7,990,197
Accrued expenses and other payables (arising from normal business operations)	279,503,058
	926,489,687

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	44,620,500
BDO	152,400,000
PBB	1,000,000,000
Total Short-term	**1,197,020,500**
Long-term Loans Payable	
Current Portion	
BDO	114,910,522
Noncurrent Portion	
BDO	2,886,660,144
Total Long-term	**3,001,570,666**

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
Attachments to Uanaudited Consolidated Financial Statements
Schedule 2-Receivables
As of June 30, 2013

1.) Aging of Accounts Receivables

	TOTAL	1-3 Months	4-6 Months	7 months to 1 year	1 year and above	Past due accounts and items in litigation
Type of Accounts Receivabe						
a.) Trade Receivables						
1.) Rent Receivable	31,245,051	11,490,124	3,975,272	6,328,402	9,451,254	-
2.) Receivable from Locators	185,889,336	103,766,207	29,046,069	35,843,707	17,233,352	-
	217,134,387	**115,256,331**	**33,021,341**	**42,172,109**	**26,684,606**	**-**
b.) Non-Trade Receivables						
1.) Advances to non-consolidated affiliates	-	-	-	-	-	-
2.) Advances to employees	20,280,951	8,596,887	347,790	280,941	11,055,334	-
3.) Others	99,620,193	30,148,113	4,550,662	5,861,267	59,060,151	-
	119,901,144	**38,744,999**	**4,898,453**	**6,142,208**	**70,115,485**	**-**
Allowance for impairment	(25,375,256)					
Net Non-Trade Receivables	**94,525,888**					
Total Receivables	**311,660,275**					
c.) Receivables from Related Parties						
1.) First Cagayan Converge Data Center Inc. (FCCDCI)	17,704,286	90,000	56,806	17,400,000	157,480	-
2.) Binondo Leisure Resources Inc. (BLRI)	29,113,879	-	25,000,000	-	4,113,879	-
3.) Advances to Stockholders	51,618,600	33,194,983	7,612,774	10,810,842	-	-
	98,436,765					
Net Receivables	**410,097,040**					

2.) Accounts Receivable Description

Types of Receivable	*Nature and Description*	*Collection Period*
1.) Advances to non-consolidated affiliates	sale of bingo cards, promotional materials and other services	six (6) months to 1 year
2.) Advances to employees	company loan and other advances granted to employees	six (6) months to 1 year
3.) Advances to Related Parties - FCCDCI	rental of property in Cagayan Business Park	six (6) months to 1 year
4.) Advances to Related Parties - BLRI	rental and advances	six (6) months to 1 year
5.) Others	various advances and receivables	one (1) year

3.) Normal Operating Cycle: 365

LEISURE & RESORTS WORLD CORPORATION
Segment Information
June 30, 2013

The Group operates in two reportable business segments, the professional bingo gaming and interactive games licensing, and only one reportable geographical segment which is the Philippines.

Professional bingo gaming provides amusements and recreation to the public in such forms as, but not limited to, traditional, electronic and rapid bingo games. Interactive games licensing engages in developing a network operation/hub with an internet server including web sites, gaming software, application program, administrative software, hardware, internet, as well as telecommunications connections, collection and payment system and toll free telephone operations, all in connection with the development, operation and conduct of an internet and gaming enterprises and facilities; and regulates and monitors on behalf of CEZA all activities pertaining to the licensing and operation of interactive games.

Analysis of financial information by business segment as at June 30, follows:

	Professional Bingo Gaming	Interactive Games Licensing	Others	Eliminations	Consolidated
For the Six Months Ended June 30,2013					
Net Revenues					
External revenue	2,018,689,110	376,382,668			2,395,071,778
Results					
Segment results	23,596,741	125,650,150			149,246,891
Unallocated corporate expenses			(62,338,458)		(62,338,458)
Results from operating activities					86,908,433
Finance income	2,083,602	45,085	27,648		2,156,335
Finance expense	(6,367,757)	(19,845,676)	(28,144,461)		(54,357,894)
Rent/other income	41,106,649	33,303,456	47,632,407		122,042,512
Equity in net earnings of a joint venture		21,255,491			21,255,491
Equity in net loss of an associate			(5,715,219)		(5,715,219)
Income taxes	(20,772,164)	(11,902,427)	3,533,306		(29,141,285)
Non-controlling interest	4,353,880	(45,027,043)			(40,673,163)
Net income					**102,475,210**
As at June 30, 2013					
Other information					
Segment assets	1,343,534,304	1,623,981,624		(3,704,352,075)	(736,836,147)
Investment at cost	756,500				756,500
Unallocated corporate assets			9,096,451,350		9,096,451,350
Total Assets					**8,360,371,703**
Segment liabilities	618,480,231	859,689,017		(2,078,369,293)	(600,200,045)
Unallocated corporate liabilities			5,822,793,739		5,822,793,739
Total Liabilities					**5,222,593,694**
Capital expenditures	41,317,910	5,394,643	122,197		46,834,750
Depreciation and amortization	46,995,926	9,833,117	2,132,718		58,961,761

There were no intersegment sales recognized between the two reportable segments for the six months ended June 30, 2013. Unallocated corporate expenses consist of net operating expenses of the Parent Company. Assets of the individual segments mainly comprise investments and advances, due from related parties, property and equipment, and trade receivables. Liabilities of the individual segments include loans payable, trade and other payables, retirement obligation, and due to a related party. Capital expenditures on noncurrent assets represent additions to property and equipment and investment property. Noncash expenses pertain to depreciation and amortization expense attributable to the two reportable segments.

LEISURE & RESORTS WORLD CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2013

1. The accompanying interim consolidated financial statements of Leisure & Resorts World Corporation (LRWC) and Subsidiaries are in compliance with Philippine Financial Reporting Standards (PFRS).

2. The same accounting policies and methods of computation are followed in the interim consolidated financial statements as compared with the most recent annual financial statements.

3. LRWC's primary purpose is to engage in realty development focusing on leisure business. 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 wholly-owned subsidiary, is engaged in the acquisition and development of properties including management and operations of activities conducted therein particularly on general amusement and recreations. Blue Chip Gaming and Leisure Corporation (BCGLC), a 70%-owned subsidiary, 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). Bingo Bonanza Limited (BBL), a 60%-owned subsidiary, whose purpose is to engage in the business of gaming, recreation, leisure and lease of property, operates under the Companies Ordinance of Hongkong. A new wholly-owned subsidiary, Prime Investment Korea, Inc. (PIKI), together with the Philippine Amusement Gaming Corporation (PAGCOR), executed a Junket Agreement to jointly conduct junket gaming operations within PAGCOR's Casino Filipino-Midas located at Hotel Midas in Roxas Boulevard, Pasay City. Hotel Enterprises of the Philippines, Inc. (HEPI), a 51%-owned subsidiary, owns and operates the Midas Hotel and Casino in Roxas Boulevard, Pasay City.

4. On January 22, 2013, the Board of Directors (BOD) approved a 20% stock dividend which is equivalent to 199,975,418 common shares and this was approved and ratified by the stockholders on their special meeting last March 22, 2013. Subsequently, the Securities and Exchange Commission (SEC) approved the 20% stock dividend on July 24, 2013 and the record date was fixed on July 18, 2013 but upon the request of the Company, SEC approved the change of the record date to August 28, 2013 with payment date of September 20, 2013.

5. On June 18, 2013, SEC approved the increase in the authorized capital stock of LRWC from P1,600,000,000 divided into 1,600,000,000 shares to P5,000,000,000 divided into 2,500,000,000 common shares and 2,500,000,000 preferred shares both with P1 par value.

6. With the approval of the BOD and stockholders on January 22, 2013 and March 22, 2013 respectively, the Company offered through private placement 1.75 billion perpetual preferred shares with a par value of P1 and an issue price of P1 per share. The preferred shares have a dividend rate of 8.5% per annum payable semi-annually. These are cumulative, non-voting and non-participating. On the fifth anniversary of the issue date or "Optional Redemption Date" or on any dividend payment date thereafter, the Company has the option, but not the obligation, to redeem the perpetual preferred shares in whole or in part at a redemption price equal to the issue price of the perpetual preferred shares plus cumulated and unpaid cash dividend, if any, for all dividend periods up to the date of actual redemption by the Company. A nil-paid, detachable warrant shall be issued to the investor/(s) for every twenty (20) preferred shares. Each warrant shall entitle the investor/(s) to purchase one (1) common share. The exercise price of the warrant shall be ₱15.00 or the Company's weighted average trading price for three (3) months prior to the exercise date of the warrant less ten percent (10%) discount. The warrants are exercisable starting on the 5th anniversary of the perpetual preferred shares until the 8th anniversary. On July 2, 2013 the Company has raised P1.65 billion through a share sale of preferred shares to nine (9) private investors. LRWC is still in the process of securing necessary approvals from the Philippine Stock Exchange for the listing of the preferred shares.

7. Except for the funding provided by LRWC's wholly-owned subsidiary ABLGI to Belle Corporation, there were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents.

8. Property and equipment, other noncurrent assets, and investments and advances are reviewed for impairment. There are no indications of possible impairment of these assets.

9. There were no reported estimates in prior financial years and there are no estimates that need to be reported in the current interim period.

10. LRWC and Subsidiaries do not have any issuances, repurchases, and repayments of debt and equity securities.

11. On July 26, 2013, the BOD approved the declaration of cash dividend equivalent to P 0.040 per share payable to all common stockholders of record as of September 28, 2013, and another cash dividend of P 0.040 per share payable to all common stockholders of record as of February 28, 2014.

12. 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.

13. 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.

14. 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.

15. There were no existing material contingencies and any other events or transactions that are material to an understanding of the current interim period.