111052012000890

SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.	0000052412
Company Name	BELLE CORP.
Industry Classification	
Company Type	Stock Corporation

Document Information

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COVER SHEET

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S.E.C. Registration Number

BELLE CORPORATION

(Company's Full Name)

5/F, TOWER A, TWO E-COM CENTER PALM COAST AVENUE, MALL OF ASIA COMPLEX CBP-1A, PASAY CITY

MR. MANUEL A. GANA

Contact Person

(632) 662-8888

Company Telephone Number

1 2 | 3 1

Month | Day

Fiscal Year

17-Q

FORM TYPE

Month | Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

1,970

Total No. of Stockholders

Total Amount of Borrowings

P6.0 billion

Domestic

US$22 Million

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SEC No. 52412
File No.

BELLE CORPORATION
(Company's Full Name)

5/F, Tower A, Two E-Com Center Palm Coast Avenue, Mall of Asia Complex CBP-1A, Pasay City
(Company's Address)

662-88-88
(Telephone Numbers)

December 31
(Fiscal Year ending)
(Month and Day)

Form 17Q for the Third Quarter of 2012
(Form Type)

N/A
Amendment Designation

N/A
Period Ended Date

N/A
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2012**

2. Commission Identification Number: **52412** 3. BIR Tax Identification No. **000-156-011**

4. Exact name of registrant as specified in its charter: **BELLE CORPORATION**

5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC use only)
Industry Classification Code:

7. **5/F, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex CBP-1A, Pasay City** **1300**
Address of registrant's principal office Postal Code

8. **(632) 662-8888**
Registrant's telephone number, including area code

9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Stock Outstanding
Preferred Stock, ₱1.00 par value	**1,000,000,000**
Common Stock, ₱1.00 par value	**10,559,382,799**

Amount of Debt Outstanding
₱6.8 billion

11. Are any or all of these securities listed on a Stock Exchange?
Yes [**x**] No [ ]

If yes, state name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange (PSE) **Common Stock**

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 Section 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 [x] No [ ]

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

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

The following financial statements are submitted as part of this report:

a.) Unaudited Consolidated Statements of Comprehensive Income for the nine months ended September 30, 2012 and September 30, 2011;
b.) Consolidated Statements of Financial Position as of September 30, 2012 (unaudited) and December 31, 2011 (audited);
c.) Unaudited Consolidated Statements of Changes in Equity for the nine months ended September 30, 2012 and September 30, 2011; and
d.) Unaudited Consolidated Statements of Cash Flows for the nine months ended September 30, 2012 and September 30, 2011.

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

September 30, 2012 versus September 30, 2011 Results of Operations (in thousands)

	Nine Months Ended September		Horizontal Analysis		Vertical Analysis	
	2012	2011	Increase (Decrease)		2012	2011
REVENUE						
Sale of real estate and club shares	300,498	476,747	(176,249)	-37.0%	86.0%	93.1%
Lease income	8,511	16,976	(8,465)	-49.9%	2.4%	3.3%
Others	40,417	18,549	21,868	117.9%	11.6%	3.6%
	349,426	512,272	(162,846)	-31.8%	100.0%	100.0%
COST OF REAL ESTATE AND CLUB SHARES SOLD	(113,940)	(188,152)	74,212	-39.4%	-32.6%	-36.7%
OPERATING EXPENSES	(200,436)	(193,700)	(6,736)	3.5%	-57.4%	-37.8%
INTEREST EXPENSE	(92,357)	(128,350)	35,993	-28.0%	-26.4%	-25.1%
EQUITY IN NET EARNINGS OF ASSOCIATES	237,224	45,087	192,137	426.1%	67.9%	8.8%
NET FOREIGN EXCHANGE GAIN (LOSS)	(18,512)	3,128	(21,640)	-691.8%	-5.3%	0.6%
INTEREST INCOME	82,375	5,230	77,145	1475.0%	23.6%	1.0%
OTHER CHARGES - Net	(9,681)	12,808	(22,489)	-175.6%	-2.8%	2.5%
INCOME BEFORE INCOME TAX	234,099	68,323	165,776	242.6%	67.0%	13.3%
PROVISION FOR (BENEFIT FROM) INCOME TAX						
Current	5,273	8,497	(3,224)	-37.9%	1.5%	1.7%
Deferred	(18,034)	(16,441)	(1,593)	9.7%	5.2%	-3.2%
	(12,761)	(7,944)	(4,817)	60.6%	-3.7%	-1.6%
NET INCOME	246,860	76,267	170,593	223.7%	70.6%	14.9%
Net profit attributable to:						
Equity holders of the parent	246,887	76,296	170,591	223.6%	70.7%	14.9%
Non-controlling interests	(27)	(29)	2	-6.9%	0.0%	0.0%
	246,860	76,267	170,593	223.7%	70.6%	14.9%
Basic Earnings per Share	0.024	0.009				

Revenues

Belle Corporation ("Belle" or the "Company") realized consolidated net income of ₱246.9 million for the nine months ended September 30, 2012. This is ₱170.6 million (224%) higher than the consolidated net income of ₱76.3 million for the nine months ended September 30, 2011. Gross revenue of ₱349.4 million was lower by ₱162.8 million (32%), compared to ₱512.3 million in September 30, 2011, due to lower revenues from the sale of real estate. Gross profit as of September 2012 of ₱235.5 million was lower than gross profit as of September 2011 of ₱324.1 million by ₱88.7 million (27%), due to the lower revenues for the period. The Company has been devoting significant resources to development activities connected with its integrated resort project located in Parañaque City (the "Belle Grande Project"), which is targeted for its grand opening in 2014.

Costs and Expenses

The cost of real estate and clubs shares sold decreased by ₱74.2 million (39%) to ₱113.9 million for the nine months ended September 30, 2012 from ₱188.2 million for the nine months ended September 30, 2011, due mainly to lower unit sales of real estate and club shares sold in 2012. Total operating expenses increased by ₱6.7 million (4%) to ₱200.4 million during the first nine months of 2012, from ₱193.7 million during the first nine months of 2011, due to higher administrative expenses.

Operating Income (EBIT)

Based on the preceding, the Company realized operating income from real estate operations (e.g. sales, lease and related revenues, less cost of sales and operating expenses) in September 2012 of ₱35.1 million, which was ₱95.3 million (73%) lower than the operating income level of ₱130.4 million in September 2011, due to the lower sales revenues in the 2012 period.

Financial Income (Expense)

Interest expense decreased by ₱36.0 million (28%), to ₱92.3 million in September 2012, from ₱128.4 million in September 2011. The decrease was caused in large part by lower interest rates during the 2012 period. Moreover, the Company capitalized borrowing costs for the construction of Belle Grande amounting to ₱186.3million during the first nine months of 2012.

Interest income increased by ₱77.2 million, from ₱5.2 million in September 2011 to ₱82.4 million in 2012, due to increases in cash levels in anticipation of requirements for the Belle Grande Project. This includes a US$50 million deposit required to be maintained for the Belle Grande Project under the license issued by the Philippine Amusements and Gaming Corporation ("PAGCOR"), until required investments have been accomplished (the "Escrow Deposit"). The significant increase in 2012 deposit levels of the Company was funded mainly by new long-term loan draw downs amounting to ₱2,200.0 million (which funded the Escrow Deposit) and the stock rights offering, with the second and last installments therefore providing proceeds amounting to ₱2,082.9 million received during the first nine months of 2012.

Equity in Net Earnings of Associates

The Company's equitized net earnings from associated companies increased by ₱192.1 million (426%) to ₱237.2 million in September 2012 from ₱45.1 million in September 2011. Woodland Development Corporation (WDC), Belle's 47% owned associate, brought equitized earnings of ₱133.7 million out of net income of ₱284.4 million in the 2012 period, compared to equitized earnings of ₱2.1 million out of net income of ₱4.47 million in the 2011 period. The increase in net income of WDC was brought about by the gain on its sale of land to SM Development Corporation (SMDC). Pacific Online Systems Corporation, Belle's 35% - owned associate, brought equitized earnings of ₱93.0 million out of net income of ₱266.1 million in the 2012 period compared to equitized earnings of ₱60.8 million out of net income of ₱174.0 million in the 2011 period. Highlands Prime, Inc., Belle's 36% - owned associate, brought ₱10.5 million in equitized earnings out of net income of ₱29.3 million in the 2012 period, compared to an equitized loss of ₱17.8 million out of ₱49.4 million in the 2011 period.

Net Foreign Exchange Gain

The foreign exchange translation loss of ₱18.5 million for the first nine months of 2012 (based on a foreign exchange rate of ₱41.7:US$1 as of September 30, 2012 vs. ₱43.84:US$1 as of December 31, 2011) compared to a foreign exchange translation gain of ₱3.1 million for the first nine months of 2011 (foreign exchange rate of ₱43.72:US$1 as of September 30, 2011 vs. foreign exchange rate of ₱43.84:US$1 as of December 31, 2010).

During the 2012 period, the Company recorded a foreign exchange translation loss of ₱65.2 million from its US$50 million Escrow Deposit, which was deposited during the first quarter of 2012, as partially offset by a foreign exchange translation gain of ₱47.4 million on the Company's foreign-currency denominated Floating Rate Notes due in 2014 of US$22 million (the "FRNs").

Provision for (Benefit from) Income Tax

Benefit from income tax increased by ₱4.9 million (61%), to ₱12.8 million in September 2012, from ₱7.9 million tax benefit in September 2011.

Net Income

As a result of the foregoing, the Company realized consolidated net income of ₱246.9 million for the nine months ended September 30, 2012. This is ₱170.6 million (224%) higher than the consolidated net income of ₱76.3 million for the nine months ended September 30, 2011. The Company's consistent profitability has allowed it to post positive consolidated retained earnings of ₱585.1 million as of September 30, 2012.

September 30, 2012 versus December 31, 2011 Statement of Financial Position (in thousands)

	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis September 30, 2012	December 31, 2011
ASSETS						
Cash and Cash Equivalents	1,999,011	2,766,880	(767,869)	-27.8%	8.0%	12.2%
Short-term Investments	7,191	9,668	(2,477)	-25.6%	0.0%	0.0%
Receivables - net	1,095,087	930,124	164,963	17.7%	4.4%	4.1%
Subscription Receivables	-	2,082,920	(2,082,920)	-100.0%	0.0%	9.2%
Real estate for sale - at cost	3,183,331	3,036,153	147,178	4.8%	12.8%	13.4%
Club Shares - at cost	2,845,110	2,786,148	58,962	2.1%	11.4%	12.3%
Investments in and advances to associates	2,331,079	2,118,166	212,913	10.1%	9.3%	9.4%
Available-for-sale Investments	26,720	22,336	4,384	19.6%	0.1%	0.1%
Held to maturity investments	750,000	-	750,000	100.0%	3.0%	0.0%
Advances to related parties	473,693	457,764	15,929	3.5%	1.9%	2.0%
Investment Properties	3,995,822	2,434,194	1,561,628	64.2%	16.0%	10.8%
Property and Equipment - net	176,913	175,599	1,314	0.7%	0.7%	0.8%
Intangible Asset	5,261,186	5,261,186	-	0.0%	21.1%	23.2%
Other Assets - net	2,815,534	562,390	2,253,144	400.6%	11.3%	2.5%
Total Assets	24,960,677	22,643,528	2,317,149	10.2%	100.0%	100.0%
LIABILITIES AND EQUITY						
Liabilities						
Loans payable	2,082,716	2,155,857	(73,141)	-3.4%	8.3%	9.5%
Accounts payable and other liabilities	1,805,605	1,759,193	46,412	2.6%	7.2%	7.8%
Long-term debt	4,724,462	2,559,584	2,164,878	84.6%	18.9%	11.3%
Pension liability	6,837	8,354	(1,517)	-18.2%	0.0%	0.0%
Deferred tax liabilities - net	67,434	85,468	(18,034)	-21.1%	0.3%	0.4%
Total Liabilities	8,687,054	6,568,456	2,118,598	32.3%	34.8%	29.0%
Equity						
Attributable to equity holders of the parent:						
Preferred stock	1,000,000	1,000,000	-	0.0%	4.0%	4.4%
Common stock	10,559,383	9,865,076	694,307	7.0%	42.3%	43.6%
Subscribed stock	-	694,307	(694,307)	-100.0%	0.0%	3.1%
Additional paid-in capital	5,501,423	5,503,731	(2,308)	0.0%	22.0%	24.3%
Equity share in cost of Parent Company shares held by associates	(731,696)	(731,696)	-	0.0%	-2.9%	-3.2%
Cost of Parent Company common shares held by subsidiaries	(562,375)	(497,758)	(64,617)	13.0%	-2.3%	-2.2%
Unrealized gain on available-for-sale investments	12,970	8,585	4,385	51.1%	0.1%	0.0%
Retained earnings	585,130	338,243	246,887	73.0%	2.3%	1.5%
Other reserves	(38,139)	(52,369)	14,230	-27.2%	-0.2%	-0.2%
Total Equity Attributable to Equity Holders of the Parent	16,326,696	16,128,119	198,577	1.2%	65.4%	71.2%
Non-controlling interests	(53,073)	(53,047)	(26)	0.0%	-0.2%	-0.2%
Total Equity	16,273,623	16,075,072	198,551	1.2%	65.2%	71.0%
	24,960,677	22,643,528	2,317,149	10.2%	100.0%	100.0%

ASSETS

Total assets of the Company increased by ₱2,317.1 million (10%), to ₱24,960.7 million as of September 30, 2012, from ₱22,643.5 million as of December 31, 2011, due to the US$50 million Escrow Deposit (which is included in "Other Assets") with a Peso equivalent of ₱2,106.0 million.

Cash and cash equivalents
Cash and cash equivalents decreased by ₱767.9 million (28%), to ₱1,999.0 million in September 2012 from ₱2,766.9 million in December 31, 2011, due to the spending on the construction for the Belle Grande Project amounting to ₱1,561.6 million, acquisition of held to maturity (HTM) investments of ₱750 million and payments of loans payable and interest amounting to ₱156.7 million. It was partly offset by the proceeds from availment of loans amounting to ₱2,232.3 million.

Receivables and Subscriptions receivable
Receivables decreased by ₱1,917.9 million (64%), to ₱1,095.1 million in September 2012 from ₱3,013.0 million in December 2011. The reduction was mainly due to the collection of subscriptions receivable from the stock rights offering in February 2012.

Real estate for sale and Club shares
Real estate for sale increased by ₱147.2 million (5%), to ₱3,183.3 million in September 2012 from ₱3,036.2 million in December 2011, due to the development of raw lands for various projects.

Club shares held by the Company, valued at historical cost, increased by ₱59.0 million (2%), to ₱2,845.1 million in September 2012 from ₱2,786.1 million in December 2011.

Investments in and advances to associates
Investments and advances increased by ₱212.9 million (10%), to ₱2,331.1 million in September 2012 from ₱2,118.2 million in December 2011, due mainly to increases in investments from the Company's equity in net earnings of associates for the period.

Available-for-sale investments
Available-for-sale investments increased by ₱4.4 million (20%) to ₱26.7 million in September 2012 from ₱22.3 million in December 2011, due mainly to increase in fair value of investments.

Investment properties
Investment properties increased by ₱1,561.6 million (64%), from ₱2,434.2 million as of December 31, 2011 to ₱3,995.8 million as of September 30, 2012, due mainly to continuing construction spending for the Belle Grande Project, an integrated resort complex to be located on approximately 6.2 hectares of land along Roxas Boulevard in Parañaque City. The Company owns 4.2 hectares of the land being used for the Belle Grande Project, with the remaining 2 hectares on a 25-year lease expiring in 2035.

Other assets
Other assets increased by ₱2,253.1 million (401%) to ₱2,815.5 million as of September 30, 2012 from ₱562.4 million as of December 31, 2011 due to the US$50 million Escrow Deposit required to be maintained for the Belle Grande Project by PAGCOR's provisional license, with a Peso equivalent of ₱2,106.0 million.

LIABILITIES

Total liabilities increased by ₱2,118.6 million (32%) to ₱8,687.1 million as of September 30, 2012, from ₱6,568.5 million as of December 31, 2011, due to borrowings for the Belle Grande Project, including the establishment of the Escrow Deposit.

Loans payable and Long-Term Debt

Total debt amounting to ₱6,807.2 million were comprised mostly of Peso loans from various local financial institutions, with interest at an approximate range of 7.0% to 7.5% per annum, amounting to ₱2,082.7 million, the FRNs with a Peso equivalent amounting to ₱917.9 million and Peso long-term debt incurred for the Belle Grande Project of ₱3,806.6 million as of September 30, 2012. The FRNs have a principal amount of US$22 million due on May 10, 2014 and carry interest at a floating rate of 2% per annum above the six-month LIBOR rate.

Total debt increased by ₱2,091.8 million (44%), from ₱4,715.4 million in December 2011 to ₱6,807.2 million in September 2012, due mainly to the availment of new Peso long term loans for the Belle Grande Project, including the establishment of the Escrow Deposit. Total debt net of cash, short-term investments and the Escrow Deposit increased by ₱27.1 million (1%), from ₱1,938.9 million in December 2011 to ₱1,966.0 million in September 2012, due to lower cash balances as of September 30, 2012.

Accounts payable and other liabilities

Accounts payable and other liabilities increased by ₱46.4 million (3%), to ₱1,805.6 million in September 2012 compared to ₱1,759.2 million in December 2011. Comprising accounts payable and other liabilities are principally trade payables of ₱795.7 million, advances from related parties of ₱210.5 million, accrued expenses of ₱718.3 million, non-trade payables of ₱48.6 million, customers' deposits of ₱20.2 million and income tax payable of ₱12.3 million.

Equity

The Company's equity as of September 30, 2012 of ₱16,273.6 million was higher by ₱198.5 million (1.2%) compared to the year-end 2011 level of ₱16,075.1 million, due mainly to the net income recorded for the first nine months of 2012. Due to its consistent profitability, the Company attained consolidated retained earnings of ₱585.1 million as of September 30, 2012, compared to consolidated retained earnings of ₱338.2 million as of December 31, 2011.

Below are the comparative key performance indicators of the Company and its subsidiaries:

	Manner by which the Company calculates the key performance indicators	30 September 2012 (unaudited)	30 September 2011 (unaudited)	31 Dec 2011 (audited)
Asset to equity ratio	Total assets over equity	1.53: 1.00	1.43: 1.00	1.41 : 1.00
Current or Liquidity ratio	Current assets over current liabilities	2.49: 1.00	2.28: 1.00	3.17 : 1.00
Debt-to-equity ratio	Interest-bearing debt over equity	0.42: 1.00	0.31 : 1.00	0.29 : 1.00
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents over equity	0.17: 1.00	0.10 : 1.00	0.12 : 1.00
Interest rate coverage ratio	EBIT over interest expense	3.53: 1.00	1.53: 1.00	2.41 : 1.00
Return on assets	Annualized net income over average total assets during the period	1.4%	0.7%	1.2%
Return on equity	Annualized net income over average equity during the period	2.0%	1%	1.8%

The Company does not foresee any cash flow or liquidity problems over the next twelve months. The ₱2,082.7 million of debt obligations classified as loans payable have historically been mostly renewed or rolled-over, with Belle paying only the interest. Belle also has a number of revenue-generating real estate projects in the pipeline to enhance cash flow. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of September 30, 2012, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company during the nine months ended September 30, 2012 and the nine months ended September 30, 2011.

PART II - OTHER INFORMATION

Financial Risk Management Objectives and Policies

The Company's principal financial assets and financial liabilities are composed of cash and cash equivalents, short-term investments, AFS investments, loans payables, long-term debt, and assignment of receivables with recourse. The main purpose of these financial assets and financial liabilities is to raise finances for the Company's operations. The Company has various other financial assets and financial liabilities such as receivables, advances to associates and other related parties and accounts payable and other liabilities, which arise directly from its real estate operations.

The main risks arising from the Company's financial assets and financial liabilities are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company's BOD and management review and agree on the policies for managing each of these risks and they are summarized below.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial assets and financial liabilities. The Company's exposure to interest rate risk relates primarily to the Company's long-term debt which is subject to cash flow interest rate risk. Re-pricing of FRNs is done every six months while re-pricing of long-term debt is normally done every three months.

The Company's policy is to manage its interest cost by limiting its borrowings. The Company's loans payable and long-term debt are subject to interest rate risk.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

It is the Company's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Company seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

Credit Risk. Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

In the Company's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Company and retain ownership of the property. The Company has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. The Company's primary target customers are high-income individuals and top corporations, in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Trade receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. Receivables from sale of club shares are secured by the shares held by the Company. For other receivables, since the Company trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from the financial assets of the Company, which comprise of cash and cash equivalents, short-term investments, receivables, advances to associates and other related parties and AFS investments, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity Risk. Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Company considers obtaining borrowings as the need arises.

Fair Value of Financial Assets and Financial Liabilities

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly; and,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Set out below is a comparison by category and by class of carrying values and fair values of all the Company's financial assets and liabilities:

	Carrying Value	Fair Value	Carrying Value	Fair Value
		(In Thousands)		
Cash on hand	150	150	150	150
Loans and receivables:				
Cash in banks and cash equivalents	1,998,860	1,998,860	3,306,808	3,306,808
Short-term investments	7,191	7,191	6,421	6,421
Receivables:				
Trade*	779,563	947,818	792,903	964,038
Dividend	-	-	-	-
Others	186,074	186,074	117,045	117,045
	965,637	1,133,892	909,948	1,081,083
Advances to associates** - net of subscription payable	85,373	85,373	84,053	84,053
Advances to related parties	473,693	473,693	464,093	464,093
	559,066	559,066	548,146	548,146
AFS financial assets:				
Quoted shares	18,938	18,938	19,043	19,043
Unquoted shares	2,758	2,758	2,758	2,758
Club shares	5,025	5,025	5,010	5,010
	26,721	26,721	26,811	26,811
Held to maturity investments	750,000	709,675	-	-
	4,307,625	4,435,555	4,798,284	4,969,419
Other financial liabilities :				
Loans payable	2,082,716	2,082,716	2,083,697	2,083,697
Accounts payable and other liabilities:				
Trade	795,701	795,701	734,692	734,692
Nontrade***	48,567	48,567	66,976	66,976
Accrued expenses	718,298	718,298	744,281	744,281
Advances from related parties	210,514	210,514	216,190	216,190
	1,773,080	1,773,080	1,762,139	1,762,139
Long-term debt	4,724,462	4,632,320	4,728,912	4,636,683
	8,580,258	8,488,116	8,574,748	8,482,519

**Excluding non financial trade receivables amounting to P129.5 million.*
***Excluding statutory payables and other liabilities to the government.*

Fair value is defined as the amount at which the financial assets and financial liabilities could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and other valuation models, as appropriate.

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

Cash and Cash Equivalents, Short-term Investments, Advances to Associates and Other Related Parties, Dividend and Other Receivables, Loans Payable, Accounts Payable and Other Liabilities. The carrying amounts of these financial assets approximate their fair values due to the relatively short-term maturities of these financial assets.

Trade Receivables. The fair value of these instruments is determined by discounting the estimated cash flows using prevailing interest rates as at reporting dates.

AFS and HTM investments. The fair values of AFS investments in quoted equity shares and HTM investments in quoted bonds are based on quoted prices in the PSE or those shares and bonds whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

Long-term Debt. The fair value of long-term debt is determined by discounting the obligations' expected future cash flows.

Determination of Fair Value and Fair Value Hierarchy
The Company has AFS investments in quoted equity securities recorded at Level 1 fair value. These are the only financial assets and financial liabilities carried at fair value.

Other Required Disclosures

A.) The attached interim financial reports were prepared in compliance with Philippine Financial Reporting Standards (PFRS). The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2011.

The adoption of PFRS 9, Financial Instruments: *Classification and Measurement*, will have an effect on the classification and measurement of the Company's assets and liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture. As at September 30, 2012, the Company has decided not to early adopt PFRS 9 on its consolidated financial statements.

The Company's selling expenses that were previously presented as part of revenue from real estate and club shares were now included as part of operating expenses, to conform with the current presentation. The reclassification has no impact in the Company's financial position, financial performance and cash flows. Such reclassification was made because management believes that this presentation will provide a more reliable and relevant information to the users of the financial statements.

B.) Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

C.) There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.

D.) Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities.

E.) On October 25, 2012, Belle, together with Belle's 100% owned subsidiary, PremiumLeisure and Amusement, Inc. (PLAI), formally entered into a Cooperation Agreement with Melco Crown Entertainment Limited (MCE), a company listed in the Hong Kong Stock Exchange, which governs their cooperation in the development and operation of an integrated resort complex in Belle's property along Diosdado Macapagal Avenue, fronting the PAGCOR Entertainment City complex in Parananãque City. MCE's major shareholders are Melco International Development Limited and Crown Limited.

The Cooperation Agreement places Belle as a co-licensee and the owner of the site's land and buildings, while MCE will be a co-licensee and operator of all the facilities within the resort complex. As a result, both Belle and MCE are expected to make equal investment contributions to the project.

Except as mentioned above, there were no material events subsequent to September 30, 2012 up to the date of this report that needs disclosure herein.

F.) There were no changes in the composition of the Company during the interim period such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

G.) There were no changes in contingent liabilities or contingent assets since December 31, 2011.

H.) There exist no material contingencies affecting the current interim period.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **BELLE CORPORATION**

WILLY N. OCIER
Vice Chairman
Date: October 29, 2012

ROGELIO R. CABUÑAG
President
Date: October 29, 2012

MANUEL A. GANA
Executive Vice President and
Chief Financial Officer
Date: October 29, 2012

BELLE CORPORATION and Subsidiaries
Consolidated Statements of Comprehensive Income
(Amounts in Thousands)

	Nine Months Ended September 30				This Quarter			
	2012		2011		2012		2011	
	Unaudited				Unaudited			
Net Revenue								
Sales of real estate and club shares								
(less commissions and selling expenses)	P	300,498	P	476,747	P	108,381	P	101,493
Lease income		8,511		16,976		381		16,976
Other operating revenues		40,417		18,549		18,089		636
		349,426		512,272		126,851		119,105
Costs and expenses								
Cost of real estate and club shares sold		113,940		188,152		33,242		44,290
Salaries, wages and employee benefits		56,838		47,071		17,344		18,254
Pension expense		5,333		5,263		1,778		1,778
Depreciation and amortization		20,863		20,792		7,334		7,111
Administrative and general expenses		104,941		90,058		58,093		30,291
Others		12,461		30,516		3,879		13,969
		314,376		381,852		121,670		115,693
Income from real estate operations		35,050		130,420		5,181		3,412
Other income (expenses)								
Interest expense		(92,357)		(128,350)		(30,129)		(39,206)
Net foreign exchange gain (loss)		(18,512)		3,128		(11,825)		(8,327)
Equity in net earnings of associates		237,224		45,087		162,906		(15,565)
Gain on disposal of property and equipment		165		-		-		-
Interest income		82,375		5,230		26,093		(2,175)
Other expenses		(9,846)		12,808		(4,522)		33,302
		199,049		(62,097)		142,523		(31,971)
Income before income tax		234,099		68,323		147,704		(28,559)
Provision for (benefit from) income tax								
Current		5,266		8,497		619		2,094
Deferred		(18,027)		(16,441)		(9,318)		(4,850)
Net income	P	246,860	P	76,267		156,403		(25,803)
Attributable to:								
PARENT EQUITY HOLDERS	P	246,887	P	76,296		156,407		(25,798)
Non Controlling Interests		(27)		(29)		(4)		(5)
	P	246,860	P	76,267	P	156,403	P	(25,803)
Basic Earnings Per Share	P	0.024	P	0.009				

BELLE CORPORATION and SUBSIDIARIES
Consolidated Statements of Financial Position
(Amounts in Thousands)

		September 30, 2012 Unaudited		December 31, 2011 Audited
ASSETS				
Cash and cash equivalents	P	1,999,011	P	2,766,880
Short-term Investments		7,191		9,668
Receivables		1,095,087		3,013,044
Real estate for sale		3,183,331		3,036,153
Club shares		2,845,110		2,786,148
Investments in and advances to associates		2,331,079		2,118,166
Available-for-sale Investments		26,720		22,336
Held-to-maturity investments		750,000		-
Advances to related parties		473,693		457,764
Investment properties		3,995,822		2,434,194
Property and equipment		176,913		175,599
Intangible assets		5,261,186		5,261,186
Other assets		2,815,534		562,390
Total Assets	P	24,960,677	P	22,643,528
LIABILITIES AND EQUITY				
Liabilities				
Loans payable	P	2,082,716	P	2,155,857
Accounts payable and other liabilities		1,805,598		1,759,193
Deferred tax liabilities		67,441		85,468
Long-term debt		4,724,462		2,559,584
Pension liability		6,837		8,354
Total Liabilities		8,687,054		6,568,456
Equity				
Preferred at P1 par value		1,000,000		1,000,000
Common at P1 par value		10,559,383		9,865,076
Paid-in capital stock		11,559,383		10,865,076
Subscribed Stock		-		694,307
Additional paid-in capital		5,501,423		5,503,731
Parent Company shares held by subsidiaries and associates		(1,294,071)		(1,229,454)
Unrealized gain on available-for-sale investments		12,970		8,585
Other reserves		(38,139)		(52,369)
Retained Earnings		585,130		338,243
		16,326,696		16,128,119
Non-Controlling Interests		(53,073)		(53,047)
Total Equity		16,273,623		16,075,072
Total Liabilities and Equity	P	24,960,677	P	22,643,528

BELLE CORPORATION and Subsdiaries
Consolidated Statements of Changes in Equity
(Amounts in Thousands)

	For the Nine Months Ended September 30			
		2012		2011
		Unaudited		
PREFERRED STOCK - P1 par value (subscribed)	P	1,000,000	P	1,000,000
COMMON STOCK - P1 par value				
Issued		10,559,383		9,170,770
ADDITIONAL PAID-IN CAPITAL		5,501,423		4,864,632
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Equity share in cost of parent company shares held by associates		(731,696)		(731,696)
Cost of parent company common shares held by subsidiaries		(562,375)		(497,758)
Unrealized gain on available-for-sale investments		12,970		-
		(1,281,101)		(1,229,454)
OTHER RESERVES				
Share in cumulative translation adjustments of an associate		(26,393)		(26,393)
Share in unrealized gain (loss) on available-for-sale investments of associates		(11,746)		5,805
		(38,139)		(20,588)
RETAINED EARNINGS				
Balance at beginning of year		338,243		137,726
Net income		246,887		76,296
		585,130		214,022
NON-CONTROLLING INTERESTS		(53,073)		(53,019)
TOTAL EQUITY	P	16,273,623	P	13,946,363

BELLE CORPORATION and Subsdiaries
Consolidated Statements of Cash Flows
(Amounts in Thousands)

	For the Nine Months Ended September 30	
	2012	2011
	Unaudited	
Cash Flows from Operating Activities		
Income before income tax	P 234,099	P 68,323
Adjustments for:		
Interest expense	92,357	128,350
Unrealized foreign exchange gain (loss) - net	18,512	(3,079)
Equity in net earnings of associates	(237,224)	(45,087)
Depreciation and amortization	20,863	20,792
Amortization of discount on trade receivables	(32,253)	(42,469)
Pension costs	5,333	5,263
Interest income	(82,375)	(5,230)
Gain on sale of property and equipment	(165)	-
Dividend income	(272)	(271)
Income before changes in working capital	18,875	126,592
Decrease (increase) in:		
Receivables	1,951,869	210,225
Real estate for sale	(147,178)	(452,588)
Club shares	(58,963)	(72,881)
Other assets	(2,318,291)	(138,216)
Increase (decrease) in accounts payable and other liabilities	17,678	(26,752)
Contributions to the retirement fund	(6,850)	(6,850)
Net cash used in operations	(542,860)	(360,470)
Income tax paid	(1,204)	-
Interest received	78,409	5,750
Net cash used in operating activities	(465,655)	(354,720)
Cash Flows from Investing Activities		
Expenditures on investment properties	(1,561,627)	(560,211)
Acquisitions of:		
Short-term investments	1,710	-
Held to maturity investments	(750,000)	-
Property and equipment	(22,197)	(19,396)
Increase in investments in and advances to associates and related parties	(51,448)	(5,265,202)
Proceeds from disposal of property and equipment	185	
Dividends received	9,715	13,206
Net cash used in investing activities	(2,373,662)	(5,831,603)
Cash Flows from Financing Activities		
Proceeds from		
Availment of loans	2,232,265	2,083,713
Issuance of common stock	-	7,684,502
Payments of:		
Loans payable	(93,142)	(433,936)
Interest	(63,594)	(175,229)
Assignment of receivables with recourse	-	(4,972)
Decrease in advances from related parties	(4,099)	(6,830)
Net cash provided by financing activities	2,071,430	9,147,248
Effect of exchange rate changes on cash and cash equivalents	18	437
Net increase (decrease) in Cash and Cash Equivalents	(767,869)	2,961,362
Cash and Cash Equivalents at Beginning of Year	2,766,880	41,052
Cash and Cash Equivalents at End of Period	P 1,999,011	P 3,002,414

Segment Information

The Company is in the business of real estate development, gaming, and gaming-related activities, among others. Information with regards to the Company's significant business segments are shown below (amounts in thousands):

	For the Nine Months Ended September 30, 2012			
	Real Estate Development	Gaming and Gaming-Related Activities	Others	Consolidated
Revenues	349,426	-	-	349,426
Equity in net earnings of associates	144,238	92,986		237,224
Interest expense	(92,357)	-	-	(92,357)
Interest income	82,373	2	-	82,375
Provision for income tax	(12,761)	-	-	(12,761)
Net income (loss)	155,038	91,043	779	246,860

	For the Nine Months Ended September 30, 2011			
	Real Estate Development	Gaming and Gaming-Related Activities	Others	Consolidated
Revenues	512,272	-	-	512,272
Equity in net earnings of associates	(15,698)	60,785		45,087
Interest expense	(128,350)	-	-	(128,350)
Interest income	5,230	-	-	5,230
Provision for income tax	(7,944)	-	-	(7,944)
Net income (loss)	15,840	60,785	(358)	76,267

BELLE CORPORATION
ATTACHMENT TO FINANCIAL STATEMENTS
AGING OF ACCOUNTS RECEIVABLES - TRADE
As of September 30, 2012

TOTAL ACCOUNTS RECEIVABLES	**P**	**1,315,503,994**
LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS		**5,085,009**
DISCOUNT ON RECEIVABLES (NPV)		**36,446,758**
ACCOUNTS RECEIVABLE -ASSIGNED		**353,906,620**
NET ACCOUNTS RECEIVABLES	**P**	**920,065,608**

	PROJECT	CURRENT (a)	NON-CURRENT (b)	TOTAL
1	ALTA MIRA	P 57,823	P	P 57,822.61
2	BELLEVIEW	6,147,836		6,147,836.26
3	LAKEVIEW HEIGHTS	5,157,710		5,157,709.80
4	PINECREST	63,826		63,826.47
5	VILLAS	1,123,147		1,123,147.49
6	WOODLANDS	2,973,721		2,973,720.50
7	COUNTRY CLUB	209,369	83,735	293,103.48
8	SPA & LODGE	-	-	-
9	MIDLANDS	80,972,993	301,625,741	382,598,734.28
9	THIGCI	23,800,000		23,800,000.00
10	PLANTATION HILLS- 1	6,732,370	9,023,604.28	15,755,973.82
11	PLANTATION HILLS- 2	2,135,832	2,863,076.19	4,998,908.19
12	PLANTATION HILLS- 3	4,966	330,233.49	335,199.20
13	PLANTATION HILLS- 5	4,186,136	4,667,012.38	8,853,148.82
14	LAKESIDE FAIRWAYS-1	8,344,992	11,784,740	20,129,731.90
15	LAKESIDE FAIRWAYS-1ext	594,224	2,202,238	2,796,461.40
16	LAKESIDE FAIRWAYS-2	4,361,609	6,469,523.56	10,831,132.32
17	LAKESIDE FAIRWAYS-2ext	3,917,008	9,634,365.30	13,551,373.37
18	LAKESIDE FAIRWAYS-3	2,759,890	6,948,284	9,708,173.69
19	LAKESIDE FAIRWAYS-5	619,330	1,831,767	2,451,096.15
20	LAKESIDE FAIRWAYS-6	15,425,038	18,730,992	34,156,029.45
21	LAKESIDE FAIRWAYS-7	14,616,661	35,761,283	50,377,944.99
22	LAKESIDE FAIRWAYS-7b	181,309	6,277,780	6,459,088.65
23	LAKESIDE FAIRWAYS-8	1,914,362	117,123,479	119,037,840.30
24	SARATOGA HILLS - 1	746,443	568,813	1,315,255.40
25	SARATOGA HILLS - 2	25,551,418	54,217,601	79,769,018.31
26	SARATOGA HILLS - 3	9,476,854	39,937,354	49,414,208.67
27	SARATOGA HILLS - 5	11,600,424	56,308,699	67,909,122.47
		P 233,675,289	**P 686,390,319**	**P 920,065,608**

(a) Collectible within 1 year.
(b) Collectible after more than 1 year.