

# 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  
Sep 30, 2014
2. SEC Identification Number  
52412
3. BIR Tax Identification No.  
043-000-156-11
4. Exact name of issuer as specified in its charter  
BELLE CORPORATION
5. Province, country or other jurisdiction of incorporation or organization  
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
5/F Tower A, Two ECom Centre, Palm Coast Avenue, Mall of Asia Complex, Pasay City  
Postal Code  
1300
8. Issuer's telephone number, including area code  
02-6628888
9. Former name or former address, and former fiscal year, if changed since last report  
n.a.
10. Securities registered pursuant to Sections 8 and 12 of the SRC 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 Stock, Php1.00 par value	10,559,382,799

11. Are any or all of registrant's securities listed on a Stock Exchange?  
Yes          No  
If yes, state the name of such stock exchange and the classes of securities listed therein:  
Philippine Stock Exchange, Inc.
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC 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 that 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

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



## Belle Corporation

### BEL

#### PSE Disclosure Form 17-2 - Quarterly Report

*References: SRC Rule 17 and  
Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the period ended	Sep 30, 2014
Currency (indicate units, if applicable)	PHP in 000's

#### Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2014	Dec 31, 2013
<b>Current Assets</b>	13,634,781	6,498,036
<b>Total Assets</b>	40,590,877	31,553,848
<b>Current Liabilities</b>	8,598,740	3,793,920
<b>Total Liabilities</b>	15,362,340	11,346,764
<b>Retained Earnings/(Deficit)</b>	4,982,955	4,533,666
<b>Stockholders' Equity</b>	25,228,537	20,207,084

<b>Stockholders' Equity - Parent</b>	22,423,694	19,419,289
<b>Book Value per Share</b>	2.4	1.91

#### Income Statement

	<b>Current Year (3 Months)</b>	<b>Previous Year (3 Months)</b>	<b>Current Year-To-Date</b>	<b>Previous Year-To-Date</b>
<b>Operating Revenue</b>	546,752	462,023	1,614,679	2,116,976
<b>Other Revenue</b>	84,690	796,959	1,466,030	3,055,854
<b>Gross Revenue</b>	631,442	1,258,982	3,080,709	5,172,830
<b>Operating Expense</b>	285,949	107,147	736,756	452,438
<b>Other Expense</b>	59,074	26,595	111,433	152,022
<b>Gross Expense</b>	345,023	133,742	848,189	604,460
<b>Net Income/(Loss) Before Tax</b>	286,419	1,125,240	2,232,520	4,568,370
<b>Income Tax Expense</b>	85,153	91,794	369,599	1,138,686
<b>Net Income/(Loss) After Tax</b>	201,266	1,033,446	1,862,921	3,429,684
<b>Net Income Attributable to Parent Equity Holder</b>	456,277	1,033,836	1,607,831	3,430,794
<b>Earnings/(Loss) Per Share (Basic)</b>	0.04	0.1	0.15	0.33
<b>Earnings/(Loss) Per Share (Diluted)</b>	0	0	0	0

#### Other Relevant Information

n.a.

#### Filed on behalf by:

<b>Name</b>	Elizabeth Tan
<b>Designation</b>	Accounting Manager



111062014001331



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

### Barcode Page

The following document has been received:

Receiving Officer/Encoder : Julius N. Salustiano

Receiving Branch : SEC Head Office

Receipt Date and Time : November 06, 2014 02:01:30 PM

Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. 0000052412

Company Name BELLE CORP.

Industry Classification

Company Type Stock Corporation

### Document Information

Document ID 111062014001331

Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)

Document Code 17-Q

Period Covered September 30, 2014

No. of Days Late 0

Department CFD

Remarks

## COVER SHEET

					5	2	4	1	2
--	--	--	--	--	---	---	---	---	---

SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

**Mr. Manuel A. Gana**  
(Contact Person)

(Contact Person)

**662-8888**  
(Company Telephone Number)

(Company Telephone Number)

1	2	3	1
Month		Day	
(Fiscal Year)			

Month Day  
(Fiscal Year)

1	7	-	Q	
---	---	---	---	--

(Form Type)

(Form Type)

Month	Day

(Annual Meeting)

Month \_\_\_\_\_ Day \_\_\_\_\_  
(Annual Meeting)

--

(Secondary License Type, If Applicable)

3-2

Dept. Requiring this Doc.

\_\_\_\_\_

Amended Articles Number/Section

1,864

Total No. of Stockholders

**₱10.4 billion**

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document ID

Cashier

Cashier

STAMPS

## STAMPS

Remarks: Please 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 2014**  
(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, 2014
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  
Address of registrant's principal office
- 1300  
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
<u>Common Stock, ₱1.00 par value</u>	<u>10,559,382,799</u>
<u>Amount of Debt Outstanding</u>	
₱10.4 billion	
11. Are any or all of these securities listed on a Stock Exchange?  
Yes [ ☒ ]      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 ☒ No ☐

(b) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

## PART 1 – FINANCIAL INFORMATION

### Item 1. Financial Statements

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

- Unaudited Consolidated Statements of Comprehensive Income for the nine months ended September 30, 2014 and September 30, 2013;
- Consolidated Statements of Financial Position as of September 30, 2014 (unaudited) and December 31, 2013 (audited);
- Unaudited Consolidated Statements of Changes in Equity for the nine months ended September 30, 2014 and September 30, 2013; and
- Unaudited Consolidated Statements of Cash Flows for the nine months ended September 30, 2014 and September 30, 2013.

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

#### September 30, 2014 versus September 30, 2013 Results of Operations (in thousands)

	Nine Months Ended September 30		Horizontal Analysis		Vertical Analysis	
	2014	2013	Increase (Decrease)	2014	2013	
REVENUE						
Interest income on finance lease accounting	P 1,099,787	P 814,411	285,376	35.0%	68.1%	38.5%
Sales of real estate and club shares	201,890	119,214	82,676	69.4%	12.5%	5.6%
Lease income	141,669	107,001	34,668	32.4%	8.8%	5.1%
Revenue from property management	89,241	79,345	9,896	12.5%	5.5%	3.7%
Termination fee income	-	949,608	(949,608)	-100.0%	0.0%	44.9%
Others	82,092	47,397	34,695	73.2%	5.1%	2.2%
	1,614,679	2,116,976	(787,673)	-37.2%	100.0%	100.0%
-						
COST OF REAL ESTATE AND CLUB SHARES SOLD	(81,725)	(45,442)	36,283	79.8%	-5.1%	-2.1%
COST OF SERVICES OF PROPERTY MANAGEMENT	(69,310)	(50,509)	18,801	37.2%	-4.3%	-2.4%
GENERAL AND ADMINISTRATIVE EXPENSES	(585,721)	(356,487)	229,234	64.3%	-36.3%	-16.8%
REVERSAL OF PROVISION FOR PROBABLE LOSSES ON INVESTMENT	1,219,133	-	1,219,133	100.0%	75.5%	0.0%
GAIN ON REDEMPTION OF RETAIL BONDS	31,353	-	31,353	100.0%	1.9%	0.0%
DAY 1 GAIN ON FINANCE LEASE ACCOUNTING	-	2,103,142	(2,103,142)	-100.0%	0.0%	99.3%
GAIN ON SHARE SWAP	-	772,247	(772,247)	-100.0%	0.0%	36.5%
EQUITY IN NET EARNINGS OF ASSOCIATES	199,692	90,195	109,497	121.4%	12.4%	4.3%
INTEREST EXPENSE	(94,599)	(64,210)	30,389	47.3%	-5.9%	-3.0%
NET FOREIGN EXCHANGE LOSS	(6,430)	(87,812)	(81,382)	-92.7%	-0.4%	-4.1%
INTEREST INCOME	15,852	42,463	(26,611)	-62.7%	1.0%	2.0%
OTHER INCOME (CHARGES) - net	(10,404)	47,807	(58,211)	-121.8%	-0.6%	2.3%
INCOME BEFORE INCOME TAX	2,232,520	4,568,370	(2,335,850)	-51.1%	138.3%	215.8%
PROVISION FOR INCOME TAX						
Current	40,380	307,212	(266,832)	-86.9%	2.5%	14.5%
Deferred	329,219	831,474	(502,255)	-60.4%	20.4%	39.3%
	369,599	1,138,686	(769,087)	-67.5%	22.9%	53.8%
-						
NET INCOME	P 1,862,921	P 3,429,684	(1,566,763)	-45.7%	115.4%	162.0%
-						
Net profit attributable to:						
Equity holders of the parent	P 1,607,831	P 3,430,794	(1,822,963)	-53.1%	99.6%	162.1%
Non-Controlling Interests	255,090	(1,110)	(256,200)	-23081.1%	15.8%	-0.1%
	P 1,862,921	P 3,429,684	(1,566,763)	-45.7%	115.4%	162.0%
-						
Basic Earnings Per Share	P 0.155	P 0.330				



Belle Corporation ("Belle" or the "Company") realized consolidated net income of ₱1,862.9 million for the nine months ended September 30, 2014. This is ₱1,566.8 million (46%) lower than the consolidated net income of ₱3,429.7 million for the nine months ended September 30, 2013, due to higher non-recurring items during 2013. Net non-recurring income during 2013 amounted to approximately ₱2,909.1 million (after related tax provisions), and were comprised of the following: the Termination Fee Income of ₱949.6 million (pre-tax) received from the Philippine subsidiaries of Melco Crown Entertainment, Ltd. (collectively "MCE") in March 2013, upon the commencement of MCE's lease on Belle's property to be used for the City of Dreams Manila integrated resort project; a Day 1 Gain on Finance Lease Accounting ("Day 1 Gain") of ₱2,103.1 million (before ₱630.9 million deferred tax provision) during 2013; and a gain on share swap of the Company's 809 million shares of Highlands Prime, Inc. amounting to ₱772.2 million. Net non-recurring income during 2014 totalled only about ₱1,249.9 million (net of related tax provisions), and were comprised of: a ₱31.4 million (pre-tax) gain on redemption of SMIC retail bonds in August 2014; and a ₱1,219.1 million reversal of investment loss reserves by Sinophil Corporation, a Belle subsidiary. Excluding these non-recurring items, Belle's net income for nine months ended September 30, 2014 would have been ₱613.0 million, which is higher by approximately ₱92.4 million (18%) compared to adjusted net income for the 2013 period of about ₱520.6 million.

### **Revenues**

Gross revenue of ₱1,614.7 million was lower by ₱787.7 million (37%), compared to ₱2,117.0 million in the 2013 period, due to the Termination Fee Income received from MCE in March 2013. The decrease in gross revenue was offset by higher interest income on finance lease accounting amounting to ₱1,099.8 million for the nine months ended September 30, 2014. Excluding the Termination Fee Income, gross revenue for the nine months of 2014 would have been higher by approximately ₱447.3 million (38%) compared to adjusted 2013 period gross revenue of ₱1,167.4 million.

The Company has been devoting significant resources to development activities connected with its integrated resort project located in Aseana Business Park in Parañaque City, which will be named "City of Dreams Manila" and is targeted for its opening before the end of 2014. City of Dreams Manila will be operated by MCE through an operating agreement with Belle and PremiumLeisure and Amusement, Inc. ("PLAI").

Gross revenue from sales of real estate and club shares for the nine months ended September 30, 2014 of ₱201.9 million was higher by ₱82.7 million (69%), compared to ₱119.2 million for the nine months ended September 30, 2013. Gross profit from sales of real estate and club shares for the nine months ended September 30, 2014 of ₱120.2 million was higher than gross profit therefrom for the nine months ended September 30, 2013 of ₱73.8 million by ₱46.4 million (63%) due to higher sales of real estate and club shares. There were no new real estate development projects launched by Belle during the nine months ended September 30, 2014.

Gross revenue from property management services for the nine months ended September 30, 2014 of ₱89.2 million was higher by ₱9.9 million (13%), compared to ₱79.3 million for the nine months ended September 30, 2013 due to higher revenue from water services. Gross profit from property management services for the nine months ended September 30, 2014 of ₱19.9 million was lower by ₱8.9 million (31%), compared to ₱28.8 million for the nine months ended September 30, 2013.



#### **Costs of Real Estate and Club Shares Sold**

Cost of real estate and clubs shares sold increased by ₱36.3 million (80%) to ₱81.7 million for the nine months ended September 30, 2014 from ₱45.4 million for the nine months ended September 30, 2013 due mainly to higher unit sales of real estate and club shares sold during the 2014 period.

#### **Costs of Services of Property Management**

Cost of services of property management increased by ₱18.8 million (37%) to ₱69.3 million for the nine months ended September 30, 2014 from ₱50.7 million due to higher power and water costs for the 2014 period.

#### **General and Administrative Expenses**

General and administrative expenses increased by ₱229.2 million (64%), from ₱356.5 million for the nine months ended September 30, 2013 to ₱585.7 million for the nine months ended September 30, 2014. The increase in general and administrative expenses during 2014 was due to the following: (i) ₱40.0 million in documentary stamp taxes (DST) paid on the ₱4.0 billion loan from AB Leisure Global, Inc. ("ABLGI"); (ii) payment to ABLGI in consideration for the waiver of rights under its previous agreements with Belle, amounting to ₱155.8 million; and (iii) increase in business taxes and licenses by ₱68.2 million, to ₱91.8 million from ₱22.8 million in the 2013 period.

#### **Reversal of Provision for Probable Losses on Investment**

Premium Leisure Corporation ("PLC"), the Company's 78%-owned subsidiary, recorded a ₱1,219.1 million net reversal of a provision for impairment of its investment in Legend International Resorts (HK) Limited ("LIR") following the cancellation of the 1,000,000,000 of its common shares formerly held by Metroplex, thereby fulfilling the agreement entered into by and among itself, Belle, Metroplex and LIR in rescinding the Swap Agreement in August 2001 (the "LIR Unwinding"). In September 2014, the Securities and Exchange Commission approved for Sinophil Corporation to change its name to Premium Leisure Corporation and its principal activity to gaming-related investments.

#### **Gain on Redemption of Retail Bonds**

The Company recognized a gain of ₱31.4 million on redemption of its P750 million investment in SMIC Series C 6.0000% and Series D 6.9442% fixed rate retail bonds in April 2014.

#### **Financial Income and Expenses**

Interest expense increased by ₱30.4 million (47%), to ₱94.6 million for the nine months ended September 30, 2014, from ₱64.2 million in during the nine months ended September 30, 2013. The increase was caused in large part by higher average borrowings during the 2014 period. Interest income decreased by ₱26.6 million, from ₱42.5 million for the nine months ended September 30, 2014, to ₱15.9 million in the 2014 period, due to decreases in average invested cash levels. The Company increased its consolidated ownership in Pacific Online Systems Corporation ("POSC") to 50.10% during 2014, from 34.94% as of December 31, 2013.

#### **Equity in Net Earnings of Associates**

The Company's equitized net earnings from associated companies increased by ₱109.5 million (121%), to ₱199.7 million for the nine months ended September 30, 2014 from ₱90.2 million during the same period in 2013. POSC, of which Belle and PLC own a combined 50.1% of common shareholdings, brought equitized earnings of ₱199.7 million out of net income of ₱398.6 million for the nine months ended September 30, 2014, compared to equitized earnings



of ₱90.2 million out of net income of ₱257.7 million in the 2013 period. Belle's total ownership in POSC was increased to 50.10% (from 34.94% as of December 31, 2013) after a series of share purchases in the secondary market at the Philippine Stock Exchange during 2014.

#### **Net Foreign Exchange Loss**

The foreign exchange translation loss of ₱6.4 million for the nine months of 2014 (based on a foreign exchange rate of ₱44.88:US\$1.00 as of September 30, 2014 vs. foreign exchange rate of ₱44.40:US\$1.00 as of December 31, 2013) decreased by ₱81.4 million from ₱87.8 million for the nine months of 2013 (based on a foreign exchange rate of ₱43.50:US\$1.00 as of September 30, 2013 vs. ₱41.05:US\$1.00 as of December 31, 2012). The decrease was mainly due to the settlement of the Company's US\$22 million in foreign currency denominated Floating Rate Notes (the "FRNs") in May 2014, based on a foreign exchange rate upon settlement of ₱44.40:US\$1.00.

During the 2013 period, the Company recorded a foreign exchange loss of ₱12.5 million from its Escrow Deposit upon termination thereof in May 2013 and recognized additional foreign exchange translation losses of ₱47.4 million from its FRNs.

#### **Provisions for Taxes**

Provisions for taxes decreased by ₱769.1 million (68%), to ₱369.6 million for the nine months ended September 30, 2014 from ₱1,138.7 million for the nine months ended September 30, 2013, due to a ₱630.9 million deferred tax liability recognized on the ₱2,103.1 million Day 1 Gain in 2013.

#### **Net Income**

As a result of the foregoing, the Company realized consolidated net income of ₱1,862.9 million for the nine months ended September 30, 2014. This is ₱1,566.8 million (46%) lower than consolidated net income of ₱3,429.7 million for the nine months ended September 30, 2013. As discussed in the first paragraph hereof, the decrease in the Company's net income during 2014 is due to higher net non-recurring income during the 2013 period. Excluding such non-recurring items, Belle would have realized pro-forma net income of approximately ₱613.0 million, which would be ₱92.4 million (18%) higher compared to adjusted net income for the 2013 period of about ₱520.6 million. The Company's consistent profitability has allowed it to post positive consolidated retained earnings of ₱4,983.0 million as of September 30, 2014.

# September 30, 2014 versus September 30, 2013 Statement of Financial Position (in thousands)

		September 30, 2014		December 31, 2013		Horizontal Analysis		Vertical Analysis	
		Unaudited		Audited		Inc (Dec)	%	2014	2013
<b>ASSETS</b>									
Cash and cash equivalents	P	2,088,283	P	1,170,396	917,887	78.4%	5.1%	3.7%	
Receivables		6,973,421		1,210,787	5,762,634	475.9%	17.2%	3.8%	
Finance lease receivable		10,095,692		9,752,212	343,480	3.5%	24.9%	30.9%	
Real estate for sale - at cost		3,832,906		3,592,276	240,630	6.7%	9.4%	11.4%	
Club shares - at cost		2,916,793		2,810,221	106,572	3.8%	7.2%	8.9%	
Investments in and advances to associates - net		1,761,073		978,016	783,057	80.1%	4.3%	3.1%	
Available-for-sale financial assets		1,995,863		1,773,793	222,070	12.5%	4.9%	5.6%	
Held-to-maturity investments		-		750,000	(750,000)	-100.0%	0.0%	2.4%	
Advances to related parties - net		18,527		11,587	6,940	59.9%	0.0%	0.0%	
Investment properties		4,142,127		2,958,707	1,183,420	40.0%	10.2%	9.4%	
Property and equipment		179,896		176,014	3,882	2.2%	0.4%	0.6%	
Intangible assets		5,261,186		5,261,186	-	0.0%	13.0%	16.7%	
Pension asset		6,934		12,515	(5,581)	-44.6%	0.0%	0.0%	
Other assets		1,318,176		1,096,138	222,038	20.3%	3.2%	3.5%	
<b>Total Assets</b>	P	<b>40,590,877</b>	P	<b>31,553,848</b>	<b>9,037,029</b>	<b>28.6%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>LIABILITIES AND EQUITY</b>									
<b>Liabilities</b>									
Loans payable	P	6,350,017	P	200,466	6,149,551	3067.6%	15.6%	0.6%	
Accounts payable and other liabilities		2,202,181		2,469,852	(267,671)	-10.8%	5.4%	7.8%	
Assignment of receivables with recourse		46,542		89,549	(43,007)	0.0%	0.1%	0.3%	
Deferred tax liabilities - net		1,179,574		836,530	343,044	41.0%	2.9%	2.7%	
Long-term debt		-		1,502,800	(1,502,800)	-100.0%	0.0%	4.8%	
Estimated liability on construction cost		1,584,026		2,247,567	(663,541)	-29.5%	3.9%	7.1%	
Non-trade liability		4,000,000		4,000,000	-	0.0%	9.9%	13%	
<b>Total Liabilities</b>		<b>15,362,340</b>		<b>11,346,764</b>	<b>4,015,576</b>	<b>35.4%</b>	<b>37.8%</b>	<b>36.0%</b>	
<b>Equity</b>									
Attributable to equity holders of the parent									
Preferred stock		-		1,000,000	(1,000,000)	-100.0%	0.0%	3.2%	
Common stock		10,559,383		10,559,383	-	0.0%	26.0%	33.5%	
Additional paid-in capital		7,730,303		5,503,731	2,226,572	40.5%	19.0%	17.4%	
Equity share in cost of Parent Company shares held by associates		(2,501)		(2,501)	-	0.0%	0.0%	0.0%	
Cost of Parent Company shares held by subsidiaries		(1,257,631)		(2,257,631)	(1,000,000)	44.3%	-3.1%	-7.2%	
Unrealized gain on available-for-sale financial assets - net		132,204		(190,785)	322,989	-169.3%	0.3%	-0.6%	
Other reserves		26,941		21,386	5,555	26.0%	0.1%	0.1%	
Excess of net asset value of an investment over cost		252,040		252,040	-	0.0%	0.6%	0.8%	
Retained Earnings		4,982,955		4,533,666	449,289	9.9%	12.3%	14.4%	
		22,423,694		19,419,289	1,004,405	5.2%	55.2%	61.5%	
Non-Controlling Interests		2,804,843		787,795	2,017,048	256.0%	6.9%	2.5%	
<b>Total Equity</b>		<b>25,228,537</b>		<b>20,207,084</b>	<b>5,021,453</b>	<b>24.8%</b>	<b>62.2%</b>	<b>64.0%</b>	
<b>Total Liabilities and Equity</b>	P	<b>40,590,877</b>	P	<b>31,553,848</b>	<b>9,037,029</b>	<b>28.6%</b>	<b>100.0%</b>	<b>100.0%</b>	



## **ASSETS**

Total assets of the Company increased by ₱9,037.0 million (29%), to ₱40,590.9 million as of September 30, 2014, from ₱31,553.8 million as of December 31, 2013.

### **Cash and Cash equivalents**

Cash and cash equivalents increased by ₱917.9 million (78%), to ₱2,088.3 million in September 2014 from ₱1,170.4 million in December 31, 2013, due to the following: (i) borrowings amounting to ₱6,149.6 million; (ii) proceeds from disposal of SMIC retail bonds amounting to ₱792.7 million; (iii) rental receipts from MCE of ₱762.2 million; and (iv) cash dividends received from SM Prime Holdings, Inc. (SMPH) amounting to ₱22.4 million for Belle's holdings of 109 million common shares in SMPH. These were offset by: (i) construction costs amounting to ₱3,111.5 million; (ii) payment of capital gains taxes amounting to ₱1,103.7 million on transfers of assets between Belle and PLC; (iii) settlement of FRNs amounting to ₱974.7 million upon maturity in May 2014; (iv) loan repayments amounting to ₱585.9 million; (v) acquisition of 44.5 million additional POSC shares at a total cost amounting to ₱624.3 million; (vi) payments to ABLGI totalling to ₱255.0 million; and (vii) cash dividends amounting to ₱205.8 million paid in July 2014.

### **Receivables**

Receivables increased by ₱5,762.6 million (476%), to ₱6,973.4 million as of September 30, 2014 from ₱1,210.8 million as of December 31, 2013. The increase was mainly due to the sale of 3,173.7 million PLC shares with total proceeds amounting to ₱5,236.6 million.

### **Finance Lease Receivables**

Due to the requirements under Philippine Accounting Standards Rule 17 ("PAS 17"), management has accounted for its lease agreement with MCE for the City of Dreams Manila building as a finance lease, even though there is neither a requirement nor any intention to transfer title therefor to MCE. The Company thus recorded a finance lease receivable equivalent to the fair value of the leased property, amounting to ₱9,375.0 million (fair valuation was determined by discounting minimum lease payments at the inception date of the lease agreement).

### **Real Estate for Sale and Club Shares**

Real estate for sale increased by ₱240.6 million (6%), to ₱3,382.9 million as of September 30, 2014 from ₱3,592.3 million as of December 31, 2013 due to construction of projects in Tagaytay Highlands. Club shares held by the Company, valued at historical cost, increased by ₱106.6 million (4%), to ₱2,916.8 million as of September 30, 2014 from ₱2,810.2 million as of December 31, 2013.

### **Investments in and Advances to Associates**

Investments and advances increased by ₱783.1 million (89%), to ₱1,761.1 million in September 2014 from ₱978.0 million in December 2013. The increase was mainly due to the 44.5 million additional purchases of POSC shares in 2014, increasing Belle's consolidated ownership in POSC to 50.10%.

### **Available-for-sale Investments**

Available-for-sale investments increased by ₱222.1 million (13%), to ₱1,995.9 million in September 2014 from ₱1,773.8 million in December 2013, due mainly to increases in fair value of available-for-sale investments.



### **Investment Properties**

Investment properties increased by ₱1,183.4 million (40%), from ₱2,958.7 million as of December 31, 2013 to ₱4,142.1 million as of September 30, 2014, mainly due to construction costs incurred during the first nine months of 2014 for Phase 2 of City of Dreams Manila.

### **Other Assets**

Other assets increased by ₱222.0 million (20%), to ₱1,318.2 million as of September 30, 2014 from ₱1,096.1 million as of December 31, 2013, mainly due to the increase in input VAT amounting to ₱160.9 million

### **LIABILITIES**

Total liabilities increased by ₱4,015.6 million (35%), to ₱15,362.3 million as of September 30, 2014, from ₱11,346.8 million as of December 31, 2013, due to increase in loans payable, net of decreases in long-term debt.

### **Loans Payable and Long-Term Debt**

Total debt, amounting to ₱6,350.0 million as of September 30, 2014, pertains to Peso loans from various local financial institutions, with average interest at 3.8% per annum. The Company repaid its US\$22 million in Floating Rate Notes (FRNs) upon maturity in May 2014, and prepaid Peso long-term debt incurred for the City of Dreams Manila integrated resort project of ₱502.3 million.

Total debt increased by ₱4,464.8 million (262%), from ₱1,703.3 million as of December 31, 2013 to ₱6,350.0 million as of September 30, 2014, due mainly to loan availments totaling ₱6,149.6 million.

### **Estimated Liability for Construction**

The Company recorded an estimated liability for construction costs for City of Dreams Manila in March 2013 amounting to ₱2,247.6 million, as a result of accounting of its lease agreement with MCE as a finance lease, as required under PAS 17.

### **Accounts Payable and Other Liabilities**

Accounts payable and other liabilities decreased by ₱267.7 million (11%), to ₱2,202.2 million in September 2014 compared to ₱2,469.9 million in December 2013 due mainly to the decrease in trade payables. Comprising accounts payable and other liabilities are principally trade payables of ₱1,104.3million, non-trade payables of ₱421.3 million, accrued expenses of ₱542.9 million, advances from related parties of ₱76.0 million and customers' deposits of ₱28.0 million.

### **EQUITY**

The Company's shareholder's equity as of September 30, 2014 of ₱25,228.5 million was higher by ₱5,021.5 million (25%), compared to the level as of December 31, 2013 of ₱20,207.1 million.

### **Preferred Stock**

In July 2014, Belle transferred gaming assets to PLC and PLC transferred to Belle its real estate assets and 1 billion shares of Belle preferred shares that were issued in 1997. The corporate reorganization was approved by the Board of Directors of Belle and PLC.

### **Additional Paid-in Capital**

In September 2014, Belle and its subsidiaries sold 3,173.7 million PLC shares (constituting approximately 12% interest in PLC) to stockholders comprising minority interests in PLC, with total net proceeds of ₱5,123.5 million. The excess of the proceeds from the sale over the

equivalent carrying amount of the 12% interest in PLC was recognized as an increase in additional paid-in capital. Belle's ownership in PLC stood at about 78% as of September 30, 2014. Capital gains taxes amounting to ₱1,084.3 on transfers of assets between Belle and PLC was recognized as a decrease in additional paid-in capital.

#### **Retained Earnings**

For the nine months ending September 30, 2014, the Company recorded consolidated net income amounting to ₱1,862.9 million that augmented retained earnings. Transactions reducing retained earnings were its payment of cash dividends amounting to ₱205.8 million in July 2014 and an equity adjustment of ₱952.7 million on the cancellation of the 1,000,000,000 shares of Sinophil/PLC due to the LIR Unwinding. The Company thus had consolidated retained earnings of ₱4,983.0 million as of September 30, 2014, compared to consolidated retained earnings of ₱4,533.7 million as of December 31, 2013.



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

	Manner by which the Company calculates the key performance indicators	30September 2014 (unaudited)	30September 2013 (unaudited)	31 Dec 2013 (audited)
Asset to equity ratio	Total assets over equity	1.61: 1.00	1.52: 1.00	1.56 : 1.00
Current or Liquidity ratio	Current assets over current liabilities	1.58: 1.00	3.01: 1.00	1.71 : 1.00
Debt-to-equity ratio	Interest-bearing debt over equity	0.41: 1.00	0.08: 1.00	0.29 : 1.00
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents, HTM investments and escrow fund over equity	0.33: 1.00	0.001: 1.00	0.19 : 1.00
Interest rate coverage ratio	EBIT over interest expense	9.28:1.00	25.92: 1.00	17.39 : 1.00
Return on assets	Annualized net income over average total assets during the period	5.8%	3.6%	2.3%
Return on equity	Annualized net income over average equity during the period	9.1%	5.5%	3.4%

The Company does not foresee any cash flow or liquidity problems over the next twelve months. Of the ₱10,350.0 million in loans payable as of September 30, 2014, ₱5,500.0 million comprised short-term bank borrowings. On October 17, 2014, the Company prepaid loans payable amounting to ₱2,500.0 million. Belle also has a number of revenue-generating 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, 2014, 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:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:

Under the Provisional License granted to PLAI, the parties in Consortium (PLAI, Belle and MCE Leisure) are committed to invest a minimum of US \$1 billion ("Investment Commitment") into the Project. Under the PAGCOR Guidelines, of the US\$1.0 billion, US\$650.0 million shall be invested upon the opening of the integrated resort and the other US\$350.0 million shall be invested within a period of three (3) years from the commencement of the integrated resort operations. The Investment Commitment shall be composed of the value of the land (a maximum of up to US\$150 million) and the development costs of the infrastructures and facilities within the Project. The integrated resort is expected to open in the 4th quarter of 2014. As agreed in the Cooperation Agreement between Belle, PLAI and MCE Leisure, US\$650 million of the investment commitment will be shared 50-50 between Belle and MCE Leisure. As of December 31, 2013, Belle had a total investment of US\$281.9 million of its US\$325.0 million share in the US\$650.0 million investment commitment. Belle funded, and will fund, its required capital expenditures with cash proceeds raised from the September 2011 stock rights offering and borrowings.

- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)



## **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, HTM investments, AFS financial assets, 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, finance lease receivable, advances to associates and other related parties and accounts payable and other liabilities, which arise directly from its real estate and gaming 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, HTM investments and AFS financial assets 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:

	September 30, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In Thousands)			
<b>Assets</b>				
Cash on hand	150	150	150	150
Loans and receivables:				
Cash in banks and cash equivalents	2,088,133	2,088,133	1,170,096	1,170,096
Receivables:				
Trade*	613,901	613,901	851,041	858,213
Others	6,360,904	6,360,904	230,296	230,296
	6,974,805	6,974,805	2,251,433	2,258,605
Finance lease receivable	9,862,484	23,198,193	9,752,212	9,752,212
Advances to associates** - net of subscription payable	(15,858)	(15,858)	176,723	176,723
Advances to related parties	18,527	18,527	11,587	11,587
	2,669	2,669	188,310	188,310
AFS financial assets:				
Quoted shares	1,927,705	1,927,705	1,619,455	1,619,455
Unquoted shares	68,158	68,158	154,338	154,338
	1,995,863	1,995,863	1,773,793	1,773,793
Held to maturity investments	-	-	750,000	787,078
	8,973,487	8,973,487	14,715,898	14,760,148
<b>Liabilities</b>				
Other financial liabilities :				
Loans payable	6,350,017	6,350,017	201,395	201,395
Accounts payable and other liabilities***	2,174,229	2,174,229	2,429,441	2,429,441
Nontrade liability	4,000,000	4,000,000	4,000,000	4,000,000
Long-term debt	-	-	1,502,800	1,417,169
Assignment of receivables with recourse	46,542	46,542	89,549	83,469
	12,570,788	12,570,788	8,223,185	8,131,474

\*Excluding non financial trade receivables amounting to P129.5 million.

\*\*Presented under "Investments in and advances to associates" account in the consolidated statements of financial position

\*\*\*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, Escrow Fund, Loans Payable, Accounts Payable and Other Liabilities. The carrying amounts of these financial assets and liabilities approximate their fair values due to the relatively short-term maturities of these financial assets and liabilities.

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

HTM investments and AFS financial assets. The fair values of HTM investments in quoted debt securities and AFS financial assets in quoted equity shares 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, 2013.

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, 2014, the Company has decided not to early adopt PFRS 9 on its consolidated financial statements.

The Company will adopt the following standards enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS to have significant impact on its consolidated financial statements.

- i. PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendments)*
- ii. PAS 36, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- iii. PFRS 9, *Financial Instruments*
- iv. Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

The Company continues to assess the impact of the above new, amended and improved accountings standards effective subsequent to December 31, 2013 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the Company's consolidated financial statements when these amendments are adopted.

- 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.) There were no changes in contingent liabilities or contingent assets since December 31, 2013.
- F.) There exist no material contingencies affecting the current interim period.

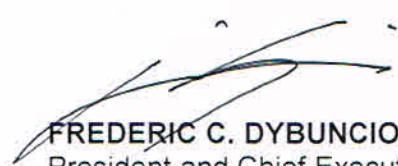
## SIGNATURES

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.

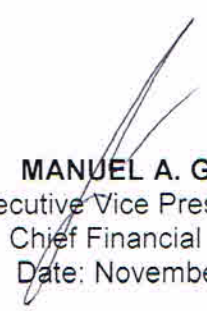
Issuer: **BELLE CORPORATION**



**WILLY N. OLIER**  
Vice Chairman  
Date: November 5, 2014



**FREDERIC C. DYBUNCIO**  
President and Chief Executive Officer  
Date: November 5, 2014



**MANUEL A. GANA**  
Executive Vice President and  
Chief Financial Officer  
Date: November 5, 2014



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

September 30, 2014

December 31, 2013

		Unaudited		Audited
<b>ASSETS</b>				
Cash and cash equivalents	P	2,088,283	P	1,170,396
Receivables		6,973,421		1,210,787
Finance lease receivable		10,095,692		9,752,212
Real estate for sale - at cost		3,832,906		3,592,276
Club shares - at cost		2,916,793		2,810,221
Investments in and advances to associates - net		1,761,073		978,016
Available-for-sale financial assets		1,995,863		1,773,793
Held-to-maturity investments		-		750,000
Advances to related parties - net		18,527		11,587
Investment properties		4,142,127		2,958,707
Property and equipment		179,896		176,014
Intangible assets		5,261,186		5,261,186
Pension asset		6,934		12,515
Other assets		1,318,176		1,096,138
<b>Total Assets</b>	P	<b>40,590,877</b>	P	<b>31,553,848</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Loans payable	P	6,350,017	P	200,466
Accounts payable and other liabilities		2,202,181		2,469,852
Assignment of receivables with recourse		46,542		89,549
Deferred tax liabilities - net		1,179,574		836,530
Long-term debt		-		1,502,800
Estimated liability on construction cost		1,584,026		2,247,567
Non-trade liability		4,000,000		4,000,000
<b>Total Liabilities</b>		<b>15,362,340</b>		<b>11,346,764</b>
<b>Equity</b>				
Attributable to equity holders of the parent				
Preferred stock		-		1,000,000
Common stock		10,559,383		10,559,383
Additional paid-in capital		7,730,303		5,503,731
Equity share in cost of Parent Company shares held by associates		(2,501)		(2,501)
Cost of Parent Company shares held by subsidiaries		(1,257,631)		(2,257,631)
Unrealized gain on available-for-sale financial assets - net		132,204		(190,785)
Other reserves		26,941		21,386
Excess of net asset value of an investment over cost		252,040		252,040
Retained Earnings		4,982,955		4,533,666
		22,423,694		19,419,289
Non-Controlling Interests		2,804,843		787,795
<b>Total Equity</b>		<b>25,228,537</b>		<b>20,207,084</b>
<b>Total Liabilities and Equity</b>	P	<b>40,590,877</b>	P	<b>31,553,848</b>

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

	Nine Months Ended September 30		This Quarter	
	2014	2013	2014	2013
<b>REVENUE</b>				
Interest income on finance lease accounting	P 1,099,787	P 814,411	P 370,870	P 351,939
Sales of real estate and club shares	201,890	119,214	100,091	36,639
Lease income	141,669	107,001	47,183	45,642
Revenue from property management	89,241	79,345	23,016	22,562
Termination fee income	-	949,608	-	-
Others	82,092	47,397	5,592	5,241
	<u>1,614,679</u>	<u>2,116,976</u>	<u>546,752</u>	<u>462,023</u>
<b>COST OF REAL ESTATE AND CLUB SHARES SOLD</b>	(81,725)	(45,442)	(47,388)	(15,731)
<b>COST OF SERVICES OF PROPERTY MANAGEMENT</b>	(69,310)	(50,509)	(14,743)	(22,242)
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	(585,721)	(356,487)	(223,818)	(69,174)
<b>REVERSAL OF PROVISION FOR PROBABLE LOSSES ON INVESTMENT</b>	1,219,133	-	-	-
<b>GAIN ON REDEMPTION OF RETAIL BONDS</b>	31,353	-	-	-
<b>DAY 1 GAIN ON FINANCE LEASE ACCOUNTING</b>	-	2,103,142	-	-
<b>GAIN ON SHARE SWAP</b>	-	772,247	-	772,247
<b>EQUITY IN NET EARNINGS OF ASSOCIATES</b>	199,692	90,195	83,740	12,465
<b>INTEREST EXPENSE</b>	(94,599)	(64,210)	(55,373)	(11,495)
<b>NET FOREIGN EXCHANGE LOSS</b>	(6,430)	(87,812)	(113)	(7,035)
<b>INTEREST INCOME</b>	15,852	42,463	950	12,247
<b>OTHER INCOME (CHARGES) - net</b>	(10,404)	47,807	(3,588)	(8,065)
<b>INCOME BEFORE INCOME TAX</b>	<u>2,232,520</u>	<u>4,568,370</u>	<u>286,419</u>	<u>1,125,240</u>
<b>PROVISION FOR INCOME TAX</b>				
Current	40,380	307,212	25,818	126
Deferred	329,219	831,474	59,335	91,668
	<u>369,599</u>	<u>1,138,686</u>	<u>85,153</u>	<u>91,794</u>
<b>NET INCOME</b>	P 1,862,921	P 3,429,684	201,266	1,033,446
Net profit attributable to:				
Equity holders of the parent	P 1,607,831	P 3,430,794	456,277	1,033,836
Non-Controlling Interests	255,090	(1,110)	(255,011)	(390)
	<u>P 1,862,921</u>	<u>P 3,429,684</u>	<u>201,266</u>	<u>1,033,446</u>
<b>Basic Earnings Per Share</b>	P 0.155	P 0.330		

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

For the Nine Months Ended September 30				
2014			2013	
Unaudited				
PREFERRED STOCK - P1 par value (subscribed)	P	-	P	1,000,000
COMMON STOCK - P1 par value				
Issued		10,559,383		10,559,383
ADDITIONAL PAID-IN CAPITAL		7,730,303		5,503,731
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Equity share in cost of parent company shares held by associates		(2,501)		(2,501)
Cost of parent company common shares held by subsidiaries		(1,257,631)		(2,257,631)
Unrealized gain on available-for-sale investments		132,204		(24,498)
		(1,127,928)		(2,284,630)
OTHER RESERVES				
Share in cumulative translation adjustments of an associate		8,898		(58,319)
Share in unrealized gain (loss) on available-for-sale investments of associates		18,043		18,952
		26,941		(39,367)
RETAINED EARNINGS				
Balance at beginning of year		4,533,666		355,273
Net income		1,607,831		3,430,794
Dividends		(205,841)		-
Cancellation (1B shares)		(952,701)		-
		4,982,955		3,786,067
EXCESS OF NET VALUE OF AN INVESTMENT OVER COST		252,040		859,324
NON-CONTROLLING INTERESTS		2,804,843		790,411
TOTAL EQUITY	P	25,228,537	P	20,174,919



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

	For the Nine Months Ended	
	2014	2013
	Unaudited	
<b>Cash Flows from Operating Activities</b>		
Income before income tax	P 2,232,520	P 4,568,368
Adjustments for:		
Interest income on finance lease accounting	(1,099,787)	(814,411)
Reversal of provision for probable losses on investment	-	-
Equity in net earnings of associates	(199,692)	(90,195)
Loss (gain) on sale of investment	(31,353)	-
Amortization of discount on trade receivables	(27,073)	(31,091)
Dividend income	(22,443)	(308)
Interest income	(15,852)	(42,463)
Unrealized foreign exchange loss - net	(86)	53,418
Interest expense	94,599	64,210
Depreciation and amortization	15,469	46,321
Pension costs	5,581	6,510
Day 1 gain on finance lease accounting	-	(2,103,142)
Gain in share swap	-	(772,247)
Loss (gain) on sale of property and equipment	-	(69,345)
Gain on sale of investment	-	(62)
Income before changes in working capital	951,883	815,563
Decrease (increase) in:		
Receivables	(1,009,423)	(72,412)
Real estate for sale	(240,630)	(37,795)
Club shares	(106,572)	6,898
Other assets	(240,952)	(37,337)
Increase in accounts payable, other liabilities and AR with recourse	1,188,646	3,981,027
Contributions to the retirement fund	-	(8,027)
Net cash from (used in) operations	542,952	4,647,917
Income tax paid	(1,111,519)	(325,191)
Interest received	34,551	53,177
Interest paid	(89,158)	-
Net cash provided by (used in) operating activities	(623,174)	4,375,903
<b>Cash Flows from Investing Activities</b>		
Expenditures on investment properties	(3,111,474)	(719,755)
Acquisition of shares classified as investment in associate	(624,284)	-
Acquisitions of property and equipment	-	(70,310)
Proceeds from disposal of:		
Short-term investments	-	2,460
Property and equipment	-	88,454.00
Bonds	781,353	-
Deposits to escrow fund	-	2,064,450
Dividends received	22,443	308
Decrease (increase) in investments in and advances to associates and related parties	39,266	48,725
Net cash used in investing activities	(2,892,696)	1,414,332
<b>Cash Flows from Financing Activities</b>		
Proceeds from availment of loans	6,149,551	179,778
Dividend payout	(205,841)	-
Payments of:		
Loans payable	(1,502,800)	(5,662,728)
Increase (decrease) in advances from related parties	(5,287)	(33,217)
Net cash provided by (used in) financing activities	4,435,623	(5,516,167)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(1,866)	(43,456)
<b>Net increase in Cash and Cash Equivalents</b>	917,887	230,612
<b>Cash and Cash Equivalents at Beginning of Year</b>	1,170,396	1,419,711
<b>Cash and Cash Equivalents at End of Period</b>	P 2,088,283	P 1,650,323

**BELLE CORPORATION**
**ATTACHMENT TO FINANCIAL STATEMENTS**
**AGING OF ACCOUNTS RECEIVABLES - TRADE**

As of September 30, 2014

<b>TOTAL ACCOUNTS RECEIVABLES</b>	<b>P</b>	<b>753,932,629.35</b>
<b>LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS</b>		<b>5,773,081.88</b>
<b>DISCOUNT ON RECEIVABLES (NPV)</b>		<b>39,765,120.30</b>
<b>ACCOUNTS RECEIVABLE -ASSIGNED</b>		<b>3,951,981.57</b>
<b>NET ACCOUNTS RECEIVABLES</b>	<b>P</b>	<b>704,442,445.60</b>

PROJECT	CURRENT (a)	NON-CURRENT (b)	TOTAL
1 ALTA MIRA	P 77,822.6	P -	P 77,822.6
2 BELLEVIEW	1,294,491.1	-	1,294,491.1
3 LAKEVIEW HEIGHTS	(115,660.8)	-	(115,660.8)
4 PINECREST	63,826.5	-	63,826.5
5 VILLAS	-	-	-
6 WOODLANDS	2,121,602.1	-	2,121,602.1
7 COUNTRY CLUB	77,325.0	540,584.7	617,909.7
8 SPA & LODGE	-	-	-
9 MIDLANDS	73,224,577.7	150,291,697.7	223,516,275.5
9 THIGCI	23,800,000.0	-	23,800,000.0
10 PLANTATION HILLS- 1	6,206,731.6	429,998.5	6,636,730.1
11 PLANTATION HILLS- 2	3,022,131.3	-	3,022,131.3
12 PLANTATION HILLS- 3	1,208,109.5	-	1,208,109.5
13 PLANTATION HILLS- 5	15,286,636.9	18,690,543.9	33,977,180.8
14 LAKESIDE FAIRWAYS-1	3,890,211.0	4,618,194.3	8,508,405.3
15 LAKESIDE FAIRWAYS-1ext	599,882.5	1,416,488.0	2,016,370.5
16 LAKESIDE FAIRWAYS-2	7,421,664.4	14,898,679.8	22,320,344.1
17 LAKESIDE FAIRWAYS-2ext	2,231,764.3	2,728,215.6	4,959,979.9
18 LAKESIDE FAIRWAYS-3	2,011,496.3	2,140,374.7	4,151,870.9
19 LAKESIDE FAIRWAYS-5	20,794,542.4	5,230,495.1	26,025,037.5
20 LAKESIDE FAIRWAYS-6	12,769,397.4	9,688,241.9	22,457,639.3
21 LAKESIDE FAIRWAYS-6A Ext.	3,587,688.8	9,686,805.4	13,274,494.2
21 LAKESIDE FAIRWAYS-7	54,515,336.0	81,301,793.8	135,817,129.8
22 LAKESIDE FAIRWAYS-7b	31,819,720.2	32,586,992.7	64,406,712.9
23 LAKESIDE FAIRWAYS-8	(401,954.3)	(12,264,210.9)	(12,666,165.2)
24 SARATOGA HILLS - 1	9,874,732.7	2,904,258.1	12,778,990.9
25 SARATOGA HILLS - 2	31,927,641.9	18,408,617.9	50,336,259.8
26 SARATOGA HILLS - 3	13,267,578.7	11,984,764.5	25,252,343.3
27 SARATOGA HILLS - 5	21,157,714.3	7,424,899.6	28,582,613.9
	P 341,735,010.1	P 362,707,435.5	P 704,442,445.6

(0.00)

(a) Collectible within 1 year.

(b) Collectible after more than 1 year.