



108022012001005

**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** : Marites S. Guevarra**Receiving Branch** : SEC Head Office**Receipt Date and Time** : August 02, 2012 02:55:11 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** 108022012001005**Document Type** 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)**Document Code** 17-Q**Period Covered** June 30, 2012**No. of Days Late** 0**Department** CFD**Remarks**

# COVER SHEET

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S.E.C. Registration Number

[illegible]

(Company's Full Name)

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MR. MANUEL A. GANA

Contact Person

(632) 662-8888

Company Telephone Number

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3	1
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Month Day Fiscal Year

1	7	-	Q	
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FORM TYPE


Month  Day  Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

1,969

Total No. of Stockholders

### Total Amount of Borrowings

**P6.8 billion**

Domestic

**US\$22 Million**

Foreign

To be Accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

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STAMPS

## STAMPS

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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 Second Quarter of 2012**  
(Form Type)

**NA**  
Amendment Designation (If applicable)

**NA**  
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 June 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  
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>Preferred Stock, ₱1.00 par value</u>	<u>1,000,000</u>
<u>Common Stock, ₱1.00 par value</u>	<u>10,559,382,799*</u>

\* Subscriptions receivable on which amounted to nil.

Amount of Debt Outstanding  
₱6.8 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:

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

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

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

	Six Months Ended June 30		Horizontal Analysis		Vertical Analysis	
	2012	2011	Increase (Decrease)		2012	2011
<b>REVENUE</b>						
Sale of real estate and club shares	192,117	338,867	(146,750)	-43.3%	86.3%	94.3%
Lease income	8,130	-	8,130	100.0%	3.7%	0.0%
Others	22,328	20,534	1,794	8.7%	10.0%	5.7%
	222,575	359,401	(136,826)	-38.1%	100.0%	100.0%
<b>COST OF REAL ESTATE AND CLUB SHARES SOLD</b>	(80,698)	(143,862)	63,164	-43.9%	-36.3%	-40.0%
<b>OPERATING EXPENSES</b>	(112,008)	(100,554)	(11,454)	11.4%	-50.3%	-28.0%
<b>INTEREST EXPENSE</b>	(62,228)	(89,144)	26,916	-30.2%	-28.0%	-24.8%
<b>EQUITY IN NET EARNINGS OF ASSOCIATES</b>	74,318	60,652	13,666	22.5%	33.4%	16.9%
<b>NET FOREIGN EXCHANGE GAIN (LOSS)</b>	(6,687)	11,455	(18,142)	-158.4%	-3.0%	3.2%
<b>INTEREST INCOME</b>	56,282	7,405	48,877	660.1%	25.3%	2.1%
<b>OTHER CHARGES - Net</b>	(5,159)	(8,470)	3,311	-39.1%	-2.3%	-2.4%
<b>INCOME BEFORE INCOME TAX</b>	86,395	96,883	(10,488)	-10.8%	38.8%	27.0%
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>						
Current	4,647	6,403	(1,756)	-27.4%	2.1%	1.8%
Deferred	(8,709)	(11,591)	2,882	-24.9%	-3.9%	-3.2%
	(4,062)	(5,188)	1,126	-21.7%	-1.8%	-1.4%
<b>NET INCOME</b>	90,457	102,071	(11,614)	-11.4%	40.6%	28.4%
Net profit attributable to:						
Equity holders of the parent	90,480	102,095	(11,615)	-11.4%	40.7%	28.4%
Non-controlling interests	(23)	(24)	1	-2.9%	0.0%	0.0%
	90,457	102,071	(11,614)	-11.4%	40.6%	28.4%
<b>Basic Earnings per Share</b>	0.011	0.017				

### **Revenues**

Belle Corporation ("Belle" or the "Company") realized consolidated net income of ₱90.5 million for the six months ended June 30, 2012. This is ₱11.6 million (11%) lower than the consolidated net income of ₱102.1 million for the six months ended June 30, 2011. Gross revenue of ₱222.6 million was lower by ₱136.8 million (38%), compared to ₱359.4 million in June 30, 2011, due to lower revenues from the sale of real estate. Gross profit as of June 2012 of ₱141.9 million was lower than gross profit as of June 2011 of ₱215.5 million by ₱73.6 million (34%), 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 during 2013.

### **Costs and Expenses**

The cost of real estate and clubs shares sold decreased by ₱63.2 million (44%) to ₱80.7 million for the six months ended June 30, 2012 from ₱143.9 million for the six months ended June 30, 2011, due mainly to lower unit sales of real estate and club shares sold in 2012. Total operating expenses increased by ₱11.4 million (11%) to ₱112.0 million during the first half of 2012, from ₱100.6 million during the first half 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 June 2012 of ₱29.9 million, which was ₱85.1 million (74%) lower than the operating income level of ₱115.0 million in June 2011, due to the lower sales revenues in the 2012 period.

### **Financial Income (Expense)**

Interest expenses decreased by ₱26.9 million (30%), to ₱62.2 million in June 2012, from ₱89.1 million in June 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 ₱99.7 million during the first half of 2012.

Interest income increased by ₱48.9 million, from ₱7.4 million in June 2011 to ₱56.3 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 drawdowns amounting to ₱2,200.0 million (which funded the Escrow Deposit) and the stock rights offering, with the second and last installments therefor providing proceeds amounting to ₱2,082.9 million received during the first quarter of 2012.

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

The Company's equitized net earnings from associated companies increased by ₱13.6 million (22%) to ₱74.3 million in June 2012 from ₱60.7 million in June 2011. This was mainly due to equitized earnings from its 35%-owned associate, Pacific Online Systems Corporation ("Pacific Online"), which brought equitized earnings of ₱67.0 million out of net income of ₱191.8 million in the 2012 period, compared to equitized earnings of ₱69.3 million out of net income of ₱198.4 million in the 2011 period. Pacific Online leases on-line equipment to the Philippine Charity Sweepstakes Office for their lottery operations in the Visayas and Mindanao.



**Net Foreign Exchange Gain**

The foreign exchange translation loss of ₱6.7 million for the first half of 2012 (based on a foreign exchange rate of ₱42.12:US\$1 as of June 30, 2012 vs. ₱43.84:US\$1 as of December 31, 2011) compared to a foreign exchange translation gain of ₱11.5 million for the first half of 2011 (foreign exchange rate of ₱43.33:US\$1 as of June 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 ₱44.2 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 ₱38.1 million on the Company's foreign-currency denominated Floating Rate Notes due in 2014 of US\$22 million (the "FRNs").

**Other Charges**

Other charges decreased by ₱3.3 million (39%) to ₱5.2 million for the six months ended June 30, 2012 from ₱8.5 million for the six months ended June 30, 2011 due mainly to lower bank service charges.

**Provision for (Benefit from) Income Tax**

Benefit from income tax decreased by ₱1.1 million (21%), to ₱4.1 million in June 2012, from ₱5.2 million tax benefit in June 2011.

**Net Income**

As a result of the foregoing, the Company realized consolidated net income of ₱90.5 million for the six months ended June 30, 2012. This is ₱11.6 million (11%) higher than the consolidated net income of ₱102.1 million for the six months ended June 30, 2011. The Company's consistent profitability has allowed it to post positive consolidated retained earnings of ₱428.7 million as of June 30, 2012.

# **June 30, 2012 versus December 31, 2011 Statement of Financial Position (in thousands)**

	June 30, 2012	December 31, 2011	Horizontal Analysis		Vertical Analysis	
	(Unaudited)	(Audited)	Increase (Decrease)		June 30, 2012	December 31, 2011
			Amount	%		
<b>ASSETS</b>						
Cash and Cash Equivalents	3,306,959	2,766,880	540,079	19.5%	13.3%	12.2%
Short-term Investments	6,421	9,668	(3,247)	-33.6%	0.0%	0.0%
Receivables - net	980,850	930,124	50,726	5.5%	4.0%	4.1%
Subscription Receivables	-	2,082,920	(2,082,920)	-100.0%	0.0%	9.2%
Real estate for sale - at cost	3,164,218	3,036,153	128,065	4.2%	12.8%	13.4%
Club Shares - at cost	2,815,963	2,786,148	29,815	1.1%	11.4%	12.3%
Investments in and advances to associates	2,177,291	2,118,168	59,123	2.8%	8.8%	9.4%
Available-for-sale Investments	26,809	22,334	4,475	20.0%	0.1%	0.1%
Advances to related parties	464,081	457,764	6,317	1.4%	1.9%	2.0%
Investment Properties	3,587,250	2,434,195	1,153,055	47.4%	14.5%	10.8%
Property and Equipment - net	181,358	175,599	5,759	3.3%	0.7%	0.8%
Intangible Asset	5,261,186	5,261,186	-	0.0%	21.2%	23.2%
Other Assets - net	2,829,314	562,388	2,266,926	403.1%	11.4%	2.5%
Total Assets	24,801,700	22,643,527	2,158,173	9.5%	100.0%	100.0%
<b>LIABILITIES AND EQUITY</b>						
<b>Liabilities</b>						
Loans payable	2,083,697	2,155,857	(72,160)	-3.3%	8.4%	9.5%
Accounts payable and other liabilities	1,796,669	1,759,193	37,476	2.1%	7.2%	7.8%
Long-term debt	4,728,912	2,559,584	2,169,328	84.8%	19.1%	11.3%
Pension liability	7,511	8,354	(843)	-10.1%	0.0%	0.0%
Deferred tax liabilities - net	76,758	85,467	(8,709)	-10.2%	0.3%	0.4%
Total Liabilities	8,693,547	6,568,455	2,125,092	32.4%	35.1%	29.0%
<b>Equity</b>						
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%	42.6%	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%	22.2%	24.3%
Equity share in cost of Parent Company shares held by associates	(731,696)	(731,696)	-	0.0%	-3.0%	-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	13,060	8,585	4,475	100.0%	0.1%	0.0%
Retained earnings	428,723	338,243	90,480	26.7%	1.7%	1.5%
Other reserves	(47,295)	(52,369)	5,074	-9.7%	-0.2%	-0.2%
Total Equity Attributable to Equity Holders of the Parent	16,161,223	16,128,119	33,104	0.2%	65.2%	71.2%
Non-controlling interests	(53,070)	(53,047)	(23)	0.0%	-0.2%	-0.2%
Total Equity	16,108,153	16,075,072	33,081	0.2%	64.9%	71.0%
	24,801,700	22,643,527	2,158,173	9.5%	100.0%	100.0%



## **ASSETS**

Total assets of the Company increased by ₱2,158.2 million (10%), to ₱24,801.7 million as of June 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 increased by ₱540.1 million (20%), to ₱3,307.0 million in June 2012 from ₱2,766.9 million in December 31, 2011, due to collection of subscriptions receivable from the stock rights offering of ₱2,082.9 million in February 2012. It was partly offset by construction spending for the Belle Grande Project amounting to ₱1,153.1 million for the 2012 period.

### **Receivables and Subscriptions receivable**

Receivables decreased by ₱2,032.1 million (67%), to ₱980.9 million in June 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 ₱128.0 million (4%), to ₱3,164.2 million in June 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 ₱29.9 million (1%), to ₱2,816.0 million in June 2012 from ₱2,786.1 million in December 2011.

### **Investments in and advances to associates**

Investments and advances increased by ₱59.1 million (3%), to ₱2,177.3 million in June 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 ₱4.5 million (20%) to ₱26.8 million in June 2012 from ₱22.3 million in December 2011, due mainly to increase in fair value of investments.

### **Investment properties**

Investment properties increased by ₱1,153.1 million (47%), from ₱2,434.2 million as of December 31, 2011 to ₱3,587.3 million as of June 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 ₱2,266.9 million (403%) to ₱2,829.3 million as of June 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 ₱2,125.0 million (32%) to ₱8,693.5 million as of June 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 ₱6,812.6 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 ₱2,083.7 million, the FRNs with a Peso equivalent amounting to ₱927.1 million and Peso long-term debt incurred for the Belle Grande Project of ₱3,801.8 million as of June 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 ₱2,097.2 million (44%), from ₱4,715.4 million in December 2011 to ₱6,812.6 million in June 2012, due mainly to the availment of new Peso long term loans for the Belle Grande Project, including the establishment of the Escrow Deposit. However, total debt net of cash, short-term investments and the Escrow Deposit decreased by ₱545.7 million (39%), from ₱1,938.9 million in December 2011 to ₱1,393.2 million in June 2012, due to higher cash balances as of June 30, 2012.

### **Accounts payable and other liabilities**

Accounts payable and other liabilities increased by ₱37.5 million (2%), to ₱1,796.7 million in June 2012 compared to ₱1,759.2 million in December 2011. Comprising accounts payable and other liabilities are principally trade payables of ₱734.7 million, advances from related parties of ₱216.2 million, accrued expenses of ₱744.3 million, non-trade payables of ₱79.0 million and customers' deposits of ₱22.5 million.

### **Equity**

The Company's equity as of June 30, 2012 of ₱16,108.2 million was higher by ₱33.1 million (0.2%) compared to the year-end 2011 level of ₱16,075.1 million, due mainly to the net income recorded for the first half of 2012. Due to its consistent profitability, the Company attained consolidated retained earnings of ₱428.7 million as of June 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:

		30 June 2012 (unaudited)	30 June 2011 (unaudited)	31 Dec 2011 (audited)
Asset to equity ratio	Total assets over equity	1.54 : 1.00	1.53 : 1.00	1.41 : 1.00
Current or Liquidity ratio	Current assets over current liabilities	2.91 : 1.00	2.39 : 1.00	3.17 : 1.00
Debt-to-equity ratio	Interest-bearing debt over equity	0.42 : 1.00	0.38 : 1.00	0.29 : 1.00
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents over equity	0.09 : 1.00	0.30 : 1.00	0.12 : 1.00
Interest rate coverage ratio	EBIT over interest expense	2.39 : 1.00	2.09 : 1.00	2.41 : 1.00

Return on assets	Annualized net income over average total assets during the period	0.8%	1.5%	1.2%
Return on equity	Annualized net income over average equity during the period	1.1%	2.3%	1.8%

The Company does not foresee any cash flow or liquidity problems over the next twelve months. The ₱2,064.8 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 June 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 six months ended June 30, 2012 and the six months ended June 30, 2011.



## PART II - OTHER INFORMATION

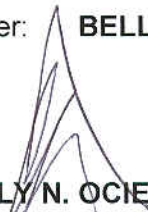
### Other Required Disclosures

- A.) The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. 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 June 30, 2012, the Company has decided not to early adopt PFRS 9 on its consolidated 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.) There were no material events subsequent to June 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 and other material events or transactions 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: July 31, 2012



**ROGELIO R. CABUNAG**  
President  
Date: July 31, 2012



**MANUEL A. GANA**  
Executive Vice President and  
Chief Financial Officer  
Date: July 31, 2012

## 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 Six Months Ended June 30, 2012				
	Real Estate	Gaming and		
	Development	Gaming-Related	Others	Consolidated
		Activities		
Revenues	222,575	-	-	222,575
Equity in net earnings of associates	7,304	67,014	-	74,318
Interest expense	(62,228)	-	-	(62,228)
Interest income	56,280	2	-	56,282
Provision for income tax	(4,062)	-	-	(4,062)
Net income (loss)	21,598	68,064	795	90,457

For the Six Months Ended June 30, 2011				
	Real Estate	Gaming and		
	Development	Gaming-Related	Others	Consolidated
		Activities		
Revenues	359,401	-	-	359,401
Equity in net earnings of associates	(8,665)	69,317	-	60,652
Interest expense	(89,144)	-	-	(89,144)
Interest income	7,405	-	-	7,405
Provision for income tax	(5,188)	-	-	(5,188)
Net income (loss)	32,976	69,199	(104)	102,071



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

	Six Months Ended June 30				This Quarter			
	2012		2011		2012		2011	
	Unaudited				Unaudited			
Net Revenue								
Sales of real estate and club shares (less commissions and selling expenses)	P	192,117	P	338,867	P	112,366	P	148,745
Lease income		8,130		-		380		-
Other operating revenues		22,328		20,534		12,887		10,716
		222,575		359,401		125,633		159,461
Costs and expenses								
Cost of real estate and club shares sold		80,698		143,862		45,811		58,436
Salaries, wages and employee benefits		39,494		28,817		19,417		15,631
Pension expense		3,555		3,485		1,777		1,777
Depreciation and amortization		13,529		13,681		6,869		7,033
Administrative and general expenses		46,848		38,024		23,658		18,207
Others		8,582		16,547		4,100		8,106
		192,706		244,416		101,632		109,190
Income from real estate operations		29,869		114,985		24,001		50,271
Other income (expenses)								
Interest expense		(62,228)		(89,144)		(28,730)		(34,681)
Net foreign exchange gain (loss)		(6,687)		11,455		(22,546)		1,514
Equity in net earnings of associates		74,318		60,652		36,235		23,308
Gain on disposal of property and equipment		165		-		-		-
Interest income		56,282		7,405		27,391		7,109
Other expenses		(5,324)		(8,470)		(2,958)		(3,045)
		56,526		(18,102)		9,392		(5,795)
Income before income tax		86,395		96,883		33,393		44,476
Provision for (benefit from) income tax								
Current		4,647		6,403		2,631		2,573
Deferred		(8,709)		(11,591)		(7,235)		(10,161)
Net income	P	90,457	P	102,071		37,997		52,064
Attributable to:								
PARENT EQUITY HOLDERS	P	90,480	P	102,095		38,005		52,083
Non-Controlling Interests		(23)		(24)		(8)		(19)
	P	90,457	P	102,071	P	37,997	P	52,064
Basic Earnings Per Share								
	P	0.011	P	0.017				

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

		June 30, 2012		December 31, 2011
		Unaudited		Audited
<b>ASSETS</b>				
Cash and cash equivalents	P	3,306,959	P	2,766,880
Short-term Investments		6,421		9,668
Receivables		980,850		3,013,044
Real estate for sale		3,164,218		3,036,153
Club shares		2,815,963		2,786,148
Investments in and advances to associates		2,177,291		2,118,168
Available-for-sale Investments		26,809		22,334
Advances to related parties		464,081		457,764
Investment properties		3,587,250		2,434,195
Property and equipment		181,358		175,599
Intangible assets		5,261,186		5,261,186
Other assets		2,829,314		562,388
<b>Total Assets</b>	P	<b>24,801,700</b>	P	<b>22,643,527</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Loans payable	P	2,083,697	P	2,155,857
Accounts payable and other liabilities		1,796,669		1,759,193
Deferred tax liabilities		76,758		85,467
Long-term debt		4,728,912		2,559,584
Pension liability		7,511		8,354
<b>Total Liabilities</b>		<b>8,693,547</b>		<b>6,568,455</b>
<b>Equity</b>				
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		13,060		8,585
Other reserves		(47,295)		(52,369)
Retained Earnings		428,723		338,243
		16,161,223		16,128,119
Non-Controlling Interests		(53,070)		(53,047)
<b>Total Equity</b>		<b>16,108,153</b>		<b>16,075,072</b>
<b>Total Liabilities and Equity</b>	P	<b>24,801,700</b>	P	<b>22,643,527</b>

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

		For the Six Months Ended June 30	
		2012	2011
		Unaudited	
<b>PREFERRED STOCK - P1 par value (subscribed)</b>	<b>P</b>	<b>1,000,000</b>	<b>P 1,000,000</b>
<b>COMMON STOCK - P1 par value</b>			
Issued		10,559,383	9,050,900
<b>ADDITIONAL PAID-IN CAPITAL</b>		<b>5,501,423</b>	<b>2,565,000</b>
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>			
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		13,060	-
		(1,281,011)	(1,229,454)
<b>OTHER RESERVES</b>			
Share in cumulative translation adjustments of an associate		(26,393)	(26,393)
Share in unrealized gain (loss) on available-for-sale investments of associates		(20,902)	1,589
		(47,295)	(24,804)
<b>RETAINED EARNINGS</b>			
Balance at beginning of year		338,243	137,726
Net income		90,480	102,095
		428,723	239,821
<b>NON-CONTROLLING INTERESTS</b>		<b>(53,070)</b>	<b>(53,014)</b>
<b>TOTAL EQUITY</b>	<b>P</b>	<b>16,108,153</b>	<b>P 11,548,449</b>



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

For the Six Months Ended June 30			
		2012	2011
		Unaudited	
<b>Cash Flows from Operating Activities</b>			
Income before income tax	P	86,395	P 96,883
Adjustments for:			
Interest expense		62,228	89,144
Unrealized foreign exchange gain (loss) - net		14,835	(11,454)
Equity in net earnings of associates		(74,318)	(60,652)
Depreciation and amortization		13,529	13,681
Amortization of discount on trade receivables		(13,891)	(34,048)
Pension costs		3,555	3,485
Interest income		(56,282)	(7,405)
Impairment loss on investments and advances		-	-
Gain on sale of:			
Property and equipment		(165)	-
Dividend income		(272)	(271)
Income before changes in working capital		35,614	89,363
Decrease (increase) in:			
Receivables		(37,953)	98,401
Real estate for sale		(128,065)	(348,988)
Club shares		(29,815)	(21,000)
Other assets		(2,311,076)	(139,923)
Increase in accounts payable and other liabilities		11,668	20,115
Contributions to the retirement fund		(4,398)	(4,566)
Net cash used in operations		(2,464,025)	(306,598)
Income tax paid		4,647	-
Interest received		57,400	7,785
Net cash used in operating activities		(2,401,978)	(298,813)
<b>Cash Flows from Investing Activities</b>			
Expenditures on investment properties		(1,153,054)	(415,132)
Acquisitions of:			
Short-term investments		3,247	-
Property and equipment		(19,288)	(15,607)
Decrease (increase) in investments in and advances to associates and related parties		8,878	(5,237,544)
Proceeds from disposal of:			
Property and equipment		165	-
Dividends received		272	13,206
Net cash used in investing activities		(1,159,780)	(5,655,077)
<b>Cash Flows from Financing Activities</b>			
Proceeds from:			
Availment of loans		2,274,000	2,082,758
Stock rights offering		2,082,920	-
Issuance of common stock		-	5,265,000
Payments of:			
Loans payable		(214,919)	(353,644)
Interest		(41,759)	(83,223)
Assignment of receivables with recourse		-	(4,972)
Increase (decrease) in advances from related parties		1,577	(6,054)
Net cash provided by financing activities		4,101,819	6,899,865
Effect of exchange rate changes on cash and cash equivalents		18	228
Net increase in Cash and Cash Equivalents		540,079	946,203
Cash and Cash Equivalents at Beginning of Year		2,766,880	41,052
Cash and Cash Equivalents at End of Period	P	3,306,959	P 987,255

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

As of June 30, 2012

<b>TOTAL ACCOUNTS RECEIVABLES</b>	<b>P</b>	<b>1,352,112,179</b>
<b>LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS</b>		<b>5,085,009</b>
<b>DISCOUNT ON RECEIVABLES (NPV)</b>		<b>48,647,711</b>
<b>ACCOUNTS RECEIVABLE -ASSIGNED</b>		<b>424,081,761</b>
<b>NET ACCOUNTS RECEIVABLES</b>	<b>P</b>	<b>874,297,698</b>

<b>PROJECT</b>	<b>CURRENT (a)</b>	<b>NON-CURRENT (b)</b>	<b>TOTAL</b>
1 ALTA MIRA	P 57,823	P	P 57,823
2 BELLEVIEW	6,147,836		6,147,836
3 LAKEVIEW HEIGHTS	5,157,710		5,157,710
4 PINECREST	63,826		63,826
5 VILLAS	1,123,147		1,123,147
6 WOODLANDS	2,973,721		2,973,721
7 COUNTRY CLUB	169,071	88,800	257,870
8 SPA & LODGE	-	-	-
9 MIDLANDS	92,656,392	331,254,302	423,910,694
9 THIGCI	23,800,000		23,800,000
10 PLANTATION HILLS- 1	6,756,224	7,520,880	14,277,104
11 PLANTATION HILLS- 2	2,135,832	2,943,417	5,079,249
12 PLANTATION HILLS- 3	2,563	155,649	158,212
13 PLANTATION HILLS- 5	9,902,216	2,193,564	12,095,779
14 LAKESIDE FAIRWAYS-1	6,427,639	14,055,411	20,483,050
15 LAKESIDE FAIRWAYS-1ext	594,481	2,336,434	2,930,915
16 LAKESIDE FAIRWAYS-2	5,263,140	13,599,485	18,862,625
17 LAKESIDE FAIRWAYS-2ext	3,917,131	18,953,964	22,871,095
18 LAKESIDE FAIRWAYS-3	2,800,025	6,436,989	9,237,015
19 LAKESIDE FAIRWAYS-5	619,330	1,831,767	2,451,096
20 LAKESIDE FAIRWAYS-6	8,578,827	2,084,909	10,663,735
21 LAKESIDE FAIRWAYS-7	16,567,375	9,338,644	25,906,019
22 LAKESIDE FAIRWAYS-7b	74,556	3,368,414	3,442,970
23 LAKESIDE FAIRWAYS-8	1,713,072	93,130,791	94,843,863
24 SARATOGA HILLS - 1	2,567,375	12,707,984	15,275,358
25 SARATOGA HILLS - 2	25,178,828	57,162,693	82,341,521
26 SARATOGA HILLS - 3	5,903,128	10,801,841	16,704,969
27 SARATOGA HILLS - 5	7,662,552	45,517,941	53,180,493
	<b>P 238,813,820</b>	<b>P 635,483,878</b>	<b>P 874,297,698</b>

(a) Collectible within 1 year.

(b) Collectible after more than 1 year.