

# COVER SHEET

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S.E.C. Registration Number

[illegible]

(Company's Full Name)

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		P	A	L	M		C	O	A	S	T		A	V	E	N	U	E	,		M	A	L	L		O	F		A	S
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**MR. MANUEL A. GANA**

Contact Person

(632) 662-8888

Company Telephone Number

1 2  
Month Day  
Fiscal Year

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

**2,126**  
Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings

**P5.6 billion**

Domestic

**US\$22 Million**

**US\$22 Million**

Foreign

To be Accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document I.D.

Cashier

## STAMPS

Remarks = pls. use black ink for scanning purposes

SEC No. 52412  
File No.

**BELLE CORPORATION**  
(Company's Full Name)

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

**662-88-88**  
(Telephone Numbers)

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

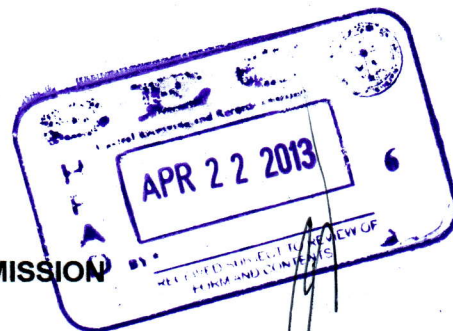
**Form 17Q for the First Quarter of 2013**  
(Form Type)

**NO**  
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 March 31, 2013
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
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

1300  
Postal Code

Title of Each Class  
Preferred Stock, ₱1.00 par value

Number of Shares of Stock  
Outstanding  
1,000,000,000

Common Stock, ₱1.00 par value

10,559,382,799

Amount of Debt Outstanding  
₱6.5 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 [ x ]      No [   ]

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

Yes [ x ]      No [   ]

## PART 1 – FINANCIAL INFORMATION

### Item 1. Financial Statements

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

- Unaudited Consolidated Statements of Comprehensive Income for the three months ended March 31, 2013 and March 31, 2012;
- Consolidated Statements of Financial Position as of March 31, 2013 (unaudited) and December 31, 2012 (audited);
- Unaudited Consolidated Statements of Changes in Equity for the three months ended March 31, 2013 and March 31, 2012; and
- Unaudited Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and March 31, 2012.

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

#### March 31, 2013 versus March 31, 2012 Results of Operations (in thousands)

	Three Months Ended March 31		Horizontal Analysis		Vertical Analysis	
	2013	2012	Increase (Decrease)		2013	2012
<b>REVENUE</b>						
Sales of real estate and club shares	P 107,962	P 79,751	28,211	35.4%	9.2%	82.3%
Termination fee income	949,608	-	949,608	0.0%	80.8%	0.0%
Lease income	84,539	7,750	76,789	990.8%	7.2%	8.0%
Others	33,152	9,441	23,711	251.1%	2.8%	9.7%
	1,175,261	96,942	1,078,319	1112.3%	100.0%	100.0%
<b>COST OF REAL ESTATE AND CLUB SHARES SOLD</b>						
	(42,741)	(34,887)	7,854	22.5%	-3.6%	-36.0%
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>						
	(75,566)	(56,187)	19,379	34.5%	-6.4%	-58.0%
<b>INTEREST EXPENSE</b>						
	(29,565)	(33,498)	(3,933)	-11.7%	-2.5%	-34.6%
<b>EQUITY IN NET EARNINGS OF ASSOCIATES</b>						
	61,724	38,083	23,641	62.1%	5.3%	39.3%
<b>GAIN ON DISPOSAL OF PROPERTY AND EQUIPMENT</b>						
	15,303	165	15,138	9174.5%	1.3%	0.2%
<b>NET FOREIGN EXCHANGE GAIN (LOSS)</b>						
	(6,423)	15,859	(22,282)	-140.5%	-0.5%	16.4%
<b>INTEREST INCOME</b>						
	15,435	28,891	(13,456)	-46.6%	1.3%	29.8%
<b>OTHER CHARGES - net</b>						
	(2,562)	(2,366)	196	8.3%	-0.2%	-2.4%
<b>INCOME BEFORE INCOME TAX</b>						
	1,110,866	53,002	1,057,864	1995.9%	94.5%	54.7%
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>						
Current	324,277	2,016	322,261	15985.2%	27.6%	2.1%
Deferred	8,852	(1,474)	10,326	-700.5%	0.8%	-1.5%
	333,129	542	332,587	61362.9%	28.3%	0.6%
<b>NET INCOME</b>						
	P 777,737	P 52,460	725,277	1382.5%	66.2%	54.1%
Net profit attributable to:						
Equity holders of the parent	P 777,770	P 52,475	725,295	1382.2%	66.2%	54.1%
Non-Controlling Interests	(28)	(15)	13	86.7%	0.0%	0.0%
	P 777,742	P 52,460	725,282	1382.5%	66.2%	54.1%
<b>Basic Earnings Per Share</b>						
	P 0.075	P 0.006				

### **Revenues**

Belle Corporation ("Belle" or the "Company") realized consolidated net income of ₱785.0 million for the three months ended March 31, 2013. This is ₱732.5 million (1,396%) higher than the consolidated net income of ₱52.5 million for the three months ended March 31, 2012. Gross revenue of ₱1,175.3 million was higher by ₱1,078.4 million (1,112%), compared to ₱96.9 million in March 31, 2012, due to the following: (i) higher revenues from the sale of real estate of ₱28.2 million; (ii) receipt of revenues arising from the lease agreements with Melco Crown totaling ₱1,034.1 million, comprised of a termination fee of ₱949.6 million in respect of paid rentals up to February 2013 and ₱84.5 million in current lease income, which total an increase of ₱1,026.4 million compared to lease income of ₱7.8 million for the first quarter of 2012; and (iii) increase in other revenues of ₱23.7 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 (the "Belle Grande Project"), which is targeted for its grand opening in the third quarter of 2014.

### **Costs and Expenses**

The cost of real estate and clubs shares sold increased by ₱7.8 million (23%) to ₱42.7 million for the three months ended March 31, 2013 from ₱34.9 million for the three months ended March 31, 2012, due mainly to higher unit sales of real estate and club shares in 2013. Total operating expenses increased by ₱19.4 million (35%) to ₱75.6 million during the first three months of 2013, from ₱56.2 million during the first three months of 2012, 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 March 2013 of ₱1,057.0 million, which was ₱1,051.1 million (17,909%) higher than the operating income level of ₱5.9 million in March 2012, due to higher net revenues in 2013.

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

Interest expense decreased by ₱3.9 million (12%), to ₱29.6 million in March 2013, from ₱33.5 million in March 2012. The decrease was caused in large part by lower interest rates during the 2013 period. Moreover, the Company capitalized borrowing costs for the construction of Belle Grande amounting to ₱44.0 million during the first three months of 2013.

Interest income decreased by ₱13.5 million, from ₱28.9 million in March 2012 to ₱15.4 million in 2013, due to decreases in average cash levels.

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

The Company's equitized net earnings from associated companies increased by ₱23.6 million (62%) to ₱61.7 million in March 2013 from ₱38.1 million in March 2012. Pacific Online Systems Corporation, Belle's 35% - owned associate, brought equitized earnings of ₱60.4 million out of net income of ₱172.9 million in the 2013 period compared to equitized earnings of ₱37.3 million out of net income of ₱106.9 million in the 2012 period. Highlands Prime, Inc., Belle's 36% - owned associate, brought ₱1.3 million in equitized earnings out of net income of ₱3.6 million in the 2013 period, compared to an equitized earnings of ₱0.04 million out of ₱0.1 million in the 2012 period.

**Net Foreign Exchange Gain**

The foreign exchange translation loss of ₱6.4 million for the first three months of 2013 (based on a foreign exchange rate of ₱40.8:US\$1 as of March 31, 2013 vs. ₱41.05:US\$1 as of December 31, 2012) compared to a foreign exchange translation gain of ₱15.9 million for the first three months of 2012 (foreign exchange rate of ₱42.92:US\$1 as of March 31, 2012 vs. foreign exchange rate of ₱43.84:US\$1 as of December 31, 2011).

During the 2013 period, the Company recorded a foreign exchange translation loss of ₱11.9 million from its US\$57.5 million Escrow Deposit and was partially offset by a foreign exchange translation gain of ₱5.5 million on the Company's foreign-currency denominated Floating Rate Notes due in 2014 of US\$22 million (the "FRNs").

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

Provision for income tax increased by ₱332.6 million (61,363%), to ₱333.1 million in March 2013, from ₱0.5 million in March 2012, due to higher taxable income for the March 2013 period.

**Net Income**

As a result of the foregoing, the Company realized consolidated net income of ₱777.7 million for the three months ended March 31, 2013. This is almost 15 times higher than the consolidated net income of ₱52.5 million for the three months ended March 31, 2012. The Company's consistent profitability has allowed it to post positive consolidated retained earnings of ₱1,671.5 million as of March 31, 2013.

**March 31, 2013 versus December 31, 2012 Statement of Financial Position (in thousands)**

	March 31, 2013		December 31, 2012		Horizontal Analysis		Vertical Analysis	
	Unaudited		Audited		Inc (Dec)	%	2013	2012
<b>ASSETS</b>								
Cash and cash equivalents	P	1,667,363	P	1,419,711	247,652	17.4%	6.3%	5.6%
Short-term Investments		959		965	(6)	-0.6%	0.0%	0.0%
Receivables		1,795,665		1,352,972	442,693	32.7%	6.7%	5.3%
Real estate for sale - at cost		2,733,440		2,901,335	(167,895)	-5.8%	10.3%	11.4%
Club shares - at cost		2,816,051		2,812,642	3,409	0.1%	10.6%	11.0%
Investments in and advances to associates - net		1,927,629		1,883,059	44,570	2.4%	7.2%	7.4%
Available-for-sale financial assets		35,847		28,619	7,228	25.3%	0.1%	0.1%
Held-to-maturity investments		750,000		750,000	-	0.0%	2.8%	2.9%
Advances to related parties - net		478,923		482,469	(3,546)	-0.7%	1.8%	1.9%
Investment properties		5,874,460		5,584,824	289,636	5.2%	22.1%	21.9%
Property and equipment		141,083		160,283	(19,200)	-12.0%	0.5%	0.6%
Intangible assets		5,261,186		5,261,186	-	0.0%	19.8%	20.7%
Escrow fund		2,360,021		2,064,450	295,571	14.3%	8.9%	8.1%
Other assets		791,107		758,284	32,823	4.3%	3.0%	3.0%
<b>Total Assets</b>	P	26,633,734	P	25,460,799	1,172,935	4.6%	100.0%	100.0%
<b>LIABILITIES AND EQUITY</b>								
<b>Liabilities</b>								
Loans payable	P	1,870,693	P	2,081,714	(211,021)	-10.1%	7.0%	8.2%
Accounts payable and other liabilities		2,170,660		1,869,808	300,852	16.1%	8.2%	7.3%
Income tax payable		323,733		416	323,317	77720.4%	1.2%	0.0%
Assignment of receivables with recourse		49,941		-	49,941	0.0%	0.2%	0.0%
Deferred tax liabilities - net		176,998		165,870	11,128	6.7%	0.7%	0.7%
Long-term debt		4,636,337		4,719,165	(82,828)	-1.8%	17.4%	18.5%
Pension liability		4,893		5,272	(379)	-7.2%	0.0%	0.0%
<b>Total Liabilities</b>		9,233,255		8,842,245	391,010	4.4%	34.7%	34.7%
<b>Equity</b>								
Attributable to equity holders of the parent								
Preferred stock		1,000,000		1,000,000	-	0.0%	3.8%	3.9%
Common stock		10,559,383		10,559,383	-	0.0%	39.6%	41.5%
Additional paid-in capital		5,503,731		5,503,731	-	0.0%	20.7%	21.6%
Equity share in cost of Parent Company shares held by associates		(731,696)		(731,696)	-	0.0%	-2.7%	-2.9%
Cost of Parent Company shares held by subsidiaries		(562,375)		(562,375)	-	0.0%	-2.1%	-2.2%
Unrealized gain on available-for-sale financial assets - net		18,994		14,868	4,126	27.8%	0.1%	0.1%
Other reserves		(6,007)		(6,007)	-	0.0%	0.0%	0.0%
Retained Earnings		1,671,524		893,754	777,770	87.0%	6.3%	3.5%
		17,453,554		16,671,658	781,896	4.7%	65.5%	65.5%
Non-Controlling Interests		(53,075)		(53,104)	29	-0.1%	-0.2%	-0.2%
<b>Total Equity</b>		17,400,479		16,618,554	781,925	4.7%	65.3%	65.3%
<b>Total Liabilities and Equity</b>	P	26,633,734	P	25,460,799	1,172,935	4.6%	100.0%	100.0%



## **ASSETS**

Total assets of the Company increased by ₱1,172.9 million (5%), to ₱26,633.7 million as of March 31, 2013, from ₱25,460.8 million as of December 31, 2012.

### **Cash and cash equivalents**

Cash and cash equivalents increased by ₱247.7 million (36%), to ₱1,667.4 million in March 2013 from ₱1,419.7 million in December 31, 2012, due to the receipt of termination fee income and other receivables from Melco Crown amounting to ₱1,324.5 million. It was partly offset by the payments on: (i) investment properties of ₱245.7 million; (ii) loans payable of ₱288.3 million; (iii) interest of ₱65.6 million and (iv) additional deposits on escrow fund of ₱305.4 million.

### **Receivables**

Receivables increased by ₱442.7 million (33%), to ₱1,795.7 million in March 2013 from ₱1,353.0 million in December 2012. The increase was mainly due to revenues on real estate sold and lease income from Belle Grande.

### **Real estate for sale and Club shares**

Real estate for sale decreased by ₱167.9 million (6%), to ₱2,733.4 million in March 2013 from ₱2,901.3 million in December 2012, due to the sale of residential lots.

Club shares held by the Company, valued at historical cost, increased by ₱3.5 million (0.1%), to ₱2,816.1 million in March 2013 from ₱2,812.6 million in December 2012.

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

Investments and advances increased by ₱44.5 million (2%), to ₱1,927.6 million in March 2013 from ₱1,883.1 million in December 2012, 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 ₱7.2 million (25%) to ₱35.8 million in March 2013 from ₱28.6 million in December 2012, due mainly to increase in fair value of investments.

### **Investment properties**

Investment properties increased by ₱289.7 million (5%), from ₱5,584.8 million as of December 31, 2012 to ₱5,874.5 million as of March 31, 2013, 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 ₱32.8 million (4%) to ₱791.1 million as of March 31, 2013 from ₱758.3 million as of December 31, 2012, due mainly to the increase in input VAT of ₱57.2 million.



## **LIABILITIES**

Total liabilities increased by ₱394.2 million (5%) to ₱9,236.4 million as of March 31, 2013, from ₱8,842.2 million as of December 31, 2012, due to increase in accounts payable and other liabilities and income tax payable.

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

Total debt amounting to ₱6,507.0 million were comprised mostly of Peso loans from various local financial institutions, with interest at an approximate range of 3.1% to 4.6% per annum, amounting to ₱1,870.7 million, the FRNs with a Peso equivalent amounting to ₱898.1 million and Peso long-term debt incurred for the Belle Grande Project of ₱3,738.2 million as of March 31, 2013. 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 decreased by ₱293.9 million (4%), from ₱6,800.9 million in December 2012 to ₱6,507.0 million in March 2013, due mainly to the payment of the ₱390.0 million RCBC short-term loan and ₱78.6 million of the BDO long term debt. This was partly offset by the availment of the ₱180.0 million loan from East West Bank. Total debt net of cash, short-term investments and the Escrow Deposit decreased by ₱1,106.9 million (33%), from ₱3,315.8 million in December 2012 to ₱2,208.9 million in March 2013, due to lower loan balances and higher cash balances as of March 31, 2013.

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

Accounts payable and other liabilities increased by ₱300.9 million (16%), to ₱2,170.7 million in March 2013 compared to ₱1,869.8 million in December 2012. Comprising accounts payable and other liabilities are principally trade payables of ₱830.3 million, advances from related parties of ₱182.3 million, accrued expenses of ₱452.9 million, non-trade payables of ₱688.9 million and customers' deposits of ₱16.3 million.

### **Equity**

The Company's equity as of March 31, 2013 of ₱17,400.5 million was higher by ₱781.9 million (5%) compared to the year-end 2012 level of ₱16,618.6 million, due mainly to the consolidated net income recorded for the first three months of 2013. The Company thus attained consolidated retained earnings of ₱1,671.5 million as of March 31, 2013, compared to consolidated retained earnings of ₱893.8 million as of December 31, 2012.

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

	Manner by which the Company calculates the key performance indicators	31 March 2013 (unaudited)	31 March 2012 (unaudited)	31 Dec 2012 (audited)
Asset to equity ratio	Total assets over equity	1.53 : 1.00	1.53 : 1.00	1.53 : 1.00
Current or Liquidity ratio	Current assets over current liabilities	2.34 : 1.00	3.11 : 1.00	2.46 : 1.00
Debt-to-equity ratio	Interest-bearing debt over equity	0.37 : 1.00	0.42 : 1.00	0.41 : 1.00
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents, HTM investments and escrow fund over equity	0.10 : 1.00	0.19 : 1.00	0.15 : 1.00
Interest rate coverage ratio	EBIT over interest expense	35.75:1.00	2.58 : 1.00	6.57 : 1.00
Return on assets	Annualized net income over average total assets during the period	3.9%	0.9%	2.3%
Return on equity	Annualized net income over average equity during the period	6.0%	1.3%	3.4%

The Company does not foresee any cash flow or liquidity problems over the next twelve months. The ₱1,870.7 million of debt obligations classified as loans payable have historically been mostly renewed or rolled-over, with Belle paying only the interest. Belle also has a number of revenue-generating real estate projects in the pipeline to enhance cash flow. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of March 31, 2013 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 from the three months ended March 31, 2013 and the three months ended March 31, 2012.

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

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

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

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

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

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

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

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

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

With respect to credit risk arising from the financial assets of the Company, which comprise of cash and cash equivalents, short-term investments, receivables, advances to associates and other related parties, HTM investments, AFS financial assets and escrow fund, 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:

	31-Mar-13		31-Dec-12	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	<i>(In Thousands)</i>			
Cash on hand	150	150	150	150
Loans and receivables:				
Cash in banks and cash equivalents	1,667,213	1,667,213	1,419,561	1,419,561
Short-term investments	959	959	965	965
Receivables:				
Trade*	1,090,785	1,090,785	1,023,639	1,038,925
Dividend	-	-	-	-
Others	575,430	575,430	199,883	199,883
	1,666,215	1,666,215	1,223,522	1,238,808
Advances to associates** - net of subscription payable	62,264	62,264	62,345	62,345
Advances to related parties	478,923	478,923	482,469	482,469
	541,187	541,187	544,814	544,814
AFS financial assets:				
Quoted shares	29,079	29,079	22,141	22,141
Unquoted shares	2,758	2,758	2,758	2,758
Club shares	4,010	4,010	3,720	3,720
	35,847	35,847	28,619	28,619
Held to maturity investments	750,000	742,751	750,000	719,286
Escrow fund	2,360,021	2,360,021	2,064,450	2,064,450
	7,021,592	7,014,343	6,032,081	6,016,653
Other financial liabilities :				
Loans payable	1,870,693	1,870,693	2,081,714	2,081,714
Accounts payable and other liabilities:				
Trade	830,328	830,328	1,033,253	1,033,253
Nontrade***	688,787	688,787	157,109	157,109
Accrued expenses	452,900	452,900	463,736	463,736
Advances from related parties	182,316	182,316	183,329	183,329
	2,154,331	2,154,331	1,837,427	1,837,427
Long-term debt	4,636,337	4,192,942	4,719,165	4,267,849
	8,661,361	8,217,966	8,638,306	8,186,990

\*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. 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, 2012.

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 March 31, 2013, 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.

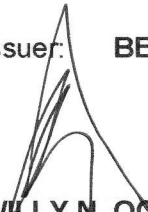
- C.) There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.
- D.) Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities.
- E.) There were no material events subsequent to March 31, 2013 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, 2012.
- H.) There exist no material contingencies affecting the current interim period.




## SIGNATURES

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

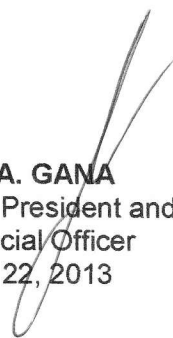
Issuer: **BELLE CORPORATION**



**WILLY N. OSIER**  
Vice Chairman  
Date: April 22, 2013



**ROGELIO R. CABUNAG**  
President  
Date: April 22, 2013



**MANUEL A. GANA**  
Executive Vice President and  
Chief Financial Officer  
Date: April 22, 2013

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

	March 31, 2013		December 31, 2012	
		Unaudited		Audited
<b>ASSETS</b>				
Cash and cash equivalents	P	1,667,363	P	1,419,711
Short-term Investments		959		965
Receivables		1,795,665		1,352,972
Real estate for sale - at cost		2,733,440		2,901,335
Club shares - at cost		2,816,051		2,812,642
Investments in and advances to associates - net		1,927,629		1,883,059
Available-for-sale financial assets		35,847		28,619
Held-to-maturity investments		750,000		750,000
Advances to related parties - net		478,923		482,469
Investment properties		5,874,460		5,584,824
Property and equipment		141,083		160,283
Intangible assets		5,261,186		5,261,186
Escrow fund		2,360,021		2,064,450
Other assets		791,107		758,284
<b>Total Assets</b>	P	26,633,734	P	25,460,799
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Loans payable	P	1,870,693	P	2,081,714
Accounts payable and other liabilities		2,170,660		1,869,808
Income tax payable		323,733		416
Assignment of receivables with recourse		49,941		-
Deferred tax liabilities - net		176,998		165,870
Long-term debt		4,636,337		4,719,165
Pension liability		4,893		5,272
<b>Total Liabilities</b>		9,233,255		8,842,245
<b>Equity</b>				
Attributable to equity holders of the parent				
Preferred stock		1,000,000		1,000,000
Common stock		10,559,383		10,559,383
Additional paid-in capital		5,503,731		5,503,731
Equity share in cost of Parent Company shares held by associates		(731,696)		(731,696)
Cost of Parent Company shares held by subsidiaries		(562,375)		(562,375)
Unrealized gain on available-for-sale financial assets - net		18,994		14,868
Other reserves		(6,007)		(6,007)
Retained Earnings		1,671,524		893,754
		17,453,554		16,671,658
Non-Controlling Interests		(53,075)		(53,104)
<b>Total Equity</b>		17,400,479		16,618,554
<b>Total Liabilities and Equity</b>	P	26,633,734	P	25,460,799

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

**Three Months Ended March 31**

		<b>2013</b>		<b>2012</b>
<b>REVENUE</b>				
Sales of real estate and club shares	<b>P</b>	<b>107,962</b>	<b>P</b>	79,751
Termination fee income		<b>949,608</b>		-
Lease income		<b>84,539</b>		7,750
Others		<b>33,152</b>		9,441
		<b>1,175,261</b>		96,942
<b>COST OF REAL ESTATE AND CLUB SHARES SOLD</b>				
		<b>(42,741)</b>		(34,887)
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
		<b>(75,566)</b>		(56,187)
<b>INTEREST EXPENSE</b>				
		<b>(29,565)</b>		(33,498)
<b>EQUITY IN NET EARNINGS OF ASSOCIATES</b>				
		<b>61,724</b>		38,083
<b>GAIN ON DISPOSAL OF PROPERTY AND EQUIPMENT</b>				
		<b>15,303</b>		165
<b>NET FOREIGN EXCHANGE GAIN (LOSS)</b>				
		<b>(6,423)</b>		15,859
<b>INTEREST INCOME</b>				
		<b>15,435</b>		28,891
<b>OTHER CHARGES - net</b>				
		<b>(2,562)</b>		(2,366)
<b>INCOME BEFORE INCOME TAX</b>				
		<b>1,110,866</b>		53,002
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>				
Current		<b>324,277</b>		2,016
Deferred		<b>8,852</b>		(1,474)
		<b>333,129</b>		542
<b>NET INCOME</b>				
	<b>P</b>	<b>777,737</b>	<b>P</b>	52,460
Net profit attributable to:				
Equity holders of the parent	<b>P</b>	<b>777,770</b>	<b>P</b>	52,475
Non-Controlling Interests		<b>(28)</b>		(15)
	<b>P</b>	<b>777,742</b>	<b>P</b>	52,460
<b>Basic Earnings Per Share</b>				
	<b>P</b>	<b>0.075</b>	<b>P</b>	0.006

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

For the Three Months Ended March 31				
		2013	2012	
Unaudited				
PREFERRED STOCK - P1 par value (subscribed)	P	1,000,000	P	1,000,000
COMMON STOCK - P1 par value				
Issued		10,559,383		10,559,383
ADDITIONAL PAID-IN CAPITAL		5,503,731		5,502,265
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Equity share in cost of parent company shares held by associates		(731,696)		(731,696)
Cost of parent company common shares held by subsidiaries		(562,375)		(497,758)
Unrealized gain on available-for-sale investments		18,994		10,515
		(1,275,077)		(1,218,939)
OTHER RESERVES				
Share in cumulative translation adjustments of an associate		(26,393)		(26,393)
Share in unrealized gain (loss) on available-for-sale investments of associates		20,386		(25,952)
		(6,007)		(52,345)
RETAINED EARNINGS				
Balance at beginning of year		893,754		338,243
Net income		777,770		52,475
		1,671,524		390,718
NON-CONTROLLING INTERESTS		(53,075)		(53,062)
TOTAL EQUITY	P	17,400,479	P	16,128,020

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

For the Three Months Ended March 31			
		2013	2012
		Unaudited	
<b>Cash Flows from Operating Activities</b>			
Income before income tax	P	1,110,866	P 53,002
Adjustments for:			
Interest expense		29,565	33,498
Depreciation and amortization		15,881	6,660
Unrealized foreign exchange loss - net		6,422	16,318
Pension costs		2,216	1,778
Equity in net earnings of associates		(61,724)	(38,083)
Interest income		(15,435)	(28,891)
Gain on sale of property and equipment		(15,303)	(165)
Amortization of discount on trade receivables		(13,265)	(6,327)
Dividend income		-	(1)
Income before changes in working capital		1,059,223	37,789
Decrease (increase) in:			
Receivables		(438,866)	9,072
Real estate for sale		167,895	(118,030)
Club shares		(3,410)	(9,981)
Other assets		(35,708)	(2,224,644)
Increase (decrease) in accounts payable, other liabilities and AR with recourse		343,841	(126,069)
Contributions to the retirement fund		(2,595)	(2,283)
Net cash from (used in) operations		1,090,380	(2,434,146)
Income tax paid		(960)	2,016
Interest received		24,873	26,939
Net cash from (used in) operating activities		1,114,293	(2,405,191)
<b>Cash Flows from Investing Activities</b>			
Deposits to escrow fund		(305,400)	-
Expenditures on investment properties		(245,679)	(739,269)
Acquisitions of:			
Property and equipment		(4,217)	-
Short-term investments		(31)	(5,698)
Held to maturity investments		-	(1,263)
Proceeds from disposal of property and equipment		22,838	165
Increase in investments in and advances to associates and related parties		20,697	(3,089)
Dividends received		-	1
Net cash used in investing activities		(511,792)	(749,153)
<b>Cash Flows from Financing Activities</b>			
Payments of:			
Loans payable		(468,335)	(180,077)
Interest		(65,557)	(17,622)
Decrease in advances from related parties		(1,015)	1,133
Proceeds from:			
Availment of loans		180,000	2,200,000
Issuance of common stock		-	2,082,920
Net cash provided by (used in) financing activities		(354,907)	4,282,920
Effect of exchange rate changes on cash and cash equivalents		58	27
Net increase in Cash and Cash Equivalents		247,652	1,128,603
Cash and Cash Equivalents at Beginning of Year		1,419,711	2,766,880
Cash and Cash Equivalents at End of Period	P	1,667,363	P 3,895,483

## 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 Three Months Ended March 31, 2013				
	Real Estate	Gaming and		
	Development	Gaming-Related	Others	Consolidated
		Activities		
Revenues	141,114	1,034,147	-	1,175,261
Equity in net earnings of associates	1,297	60,427	-	61,724
Interest expense	(29,565)	-	-	(29,565)
Interest income	15,435	-	-	15,435
Provision for income tax	22,885	310,244	-	333,129
Net income (loss)	(4,823)	782,712	(152)	777,737

For the Three Months Ended March 31, 2012				
	Real Estate	Gaming and		
	Development	Gaming-Related	Others	Consolidated
		Activities		
Revenues	96,942	-	-	96,942
Equity in net earnings of associates	748	37,335	-	38,083
Interest expense	(33,498)	-	-	(33,498)
Interest income	28,890	1	-	28,891
Provision for income tax	542	-	-	542
Net income (loss)	19,838	32,688	(66)	52,460

**BELLE CORPORATION**

ATTACHMENT TO FINANCIAL STATEMENTS  
AGING OF ACCOUNTS RECEIVABLES - TRADE  
As of March 31, 2013

<b>TOTAL ACCOUNTS RECEIVABLES</b>	<b>P</b>	<b>1,406,040,922</b>
<b>LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS</b>		<b>5,773,082</b>
<b>DISCOUNT ON RECEIVABLES (NPV)</b>		<b>55,739,654</b>
<b>ACCOUNTS RECEIVABLE -ASSIGNED</b>		<b>135,067,348</b>
<b>NET ACCOUNTS RECEIVABLES</b>	<b>P</b>	<b>1,209,460,838</b>

PROJECT		CURRENT (a)	NON-CURRENT (b)	TOTAL
1	ALTA MIRA	P 27,823	P	P 27,822.61
2	BELVIEW	6,147,836		6,147,836.26
3	LAKEVIEW HEIGHTS	5,157,710		5,157,709.80
4	PINECREST	63,826		63,826.47
5	VILLAS	1,123,147		1,123,147.49
6	WOODLANDS	3,291,632		3,291,631.70
7	COUNTRY CLUB	111,987	73,103	185,090.10
8	SPA & LODGE	-	-	-
9	MIDLANDS	213,988,272	170,181,945	384,170,217.03
9	THIGCI	23,800,000		23,800,000.00
10	PLANTATION HILLS- 1	6,538,860	4,820,677.90	11,359,538.21
11	PLANTATION HILLS- 2	3,498,264	-	3,498,263.53
12	PLANTATION HILLS- 3			-
13	PLANTATION HILLS- 5	26,268,510	35,319,987.02	61,588,496.90
14	LAKESIDE FAIRWAYS-1	5,102,157	13,293,156	18,395,312.37
15	LAKESIDE FAIRWAYS-1ext	599,882	1,954,302	2,554,184.86
16	LAKESIDE FAIRWAYS-2	16,829,239	7,345,609.51	24,174,848.09
17	LAKESIDE FAIRWAYS-2ext	3,930,226	14,302,989.23	18,233,214.95
18	LAKESIDE FAIRWAYS-3	6,973,190	2,314,936	9,288,126.36
19	LAKESIDE FAIRWAYS-5	8,616,246	23,623,707	32,239,952.89
20	LAKESIDE FAIRWAYS-6	36,928,140	59,585,498	96,513,638.62
21	LAKESIDE FAIRWAYS-7	34,614,145	93,769,235	128,383,380.10
22	LAKESIDE FAIRWAYS-7b	418,347	12,130,691	12,549,037.41
23	LAKESIDE FAIRWAYS-8	15,549,019	70,827,757	86,376,776.00
24	SARATOGA HILLS - 1	47,849,737	41,552,540	89,402,276.85
25	SARATOGA HILLS - 2	32,658,624	60,061,328	92,719,951.95
26	SARATOGA HILLS - 3	11,576,270	38,384,211	49,960,481.51
27	SARATOGA HILLS - 5	8,409,814	39,846,263	48,256,076.27
		P 520,072,902	P 689,387,937	P 1,209,460,838

(a) Collectible within 1 year. 0.00  
(b) Collectible after more than 1 year. (0.00)