COVER SHEET

A S 0 9 4 - 8 6 7 8
SEC Registration Number

WATERFRONT PHILIPPINES, INC

(Company's Full Name)

NO. 1 WATERFRONT DRIVE
OFF SALINAS DRIVE LAHUG
CEBU CITY

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

MS. IRISH CHARA LAWAS
Contact Person

(02) 559-0130
Company Telephone Number

1 2 | 3 1
Month *Day*

SEC 20IS DEFINITIVE
FORM TYPE

0 9 | 1 3
Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

482
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

CORPORATE COUNSELS, PHILIPPINES
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WATERFRONT
PHILIPPINES

Dear Stockholder:

Please be advised that the annual meeting of the stockholders of WATERFRONT PHILIPPINES, INC. (the "Corporation"), will be held on Saturday, September 13, 2014 at 10:00 a.m. at the Waterfront Cebu City Hotel, Lahug, Cebu City for the purpose of transacting the following business:

1. Call to Order
2. Report on Attendance and Quorum
3. Approval of Minutes of Stockholders' Meeting held on August 5, 2013
4. Report to Stockholders for the Year 2013
5. Ratification of Resolutions and Acts of the Board and Management for 2013
6. Election of Board of Directors for the Ensuing Term
7. Appointment of External Auditor
8. Appointment of External Counsel
9. Other Business
    a. Amendment of Article THIRD of Articles of Incorporation
    Re Principal Office from Cebu City, Philippines to No. 1 Waterfront Drive
    Off Salinas Drive, Lahug, Cebu City, Philippines
10. Adjournment

The record date for the purpose of determining the stockholders who are entitled to vote in said stockholders' meeting is August 20, 2014. The stock and transfer book will be closed from August 22, 2014 to September 13, 2014.

If you are not attending, you may submit a proxy instrument to the office of the Corporate Secretary of this Corporation at the address below. Corporate stockholders are requested to attach to the proxy instrument, their respective board resolutions in support of their proxies.

On the day of the meeting, you or your proxy are hereby requested to bring this notice and any form of identification with picture and signature (e.g. driver's license, SSS ID, company ID, etc.) to facilitate registration.

ARTHUR R. PONSARAN
Corporate Secretary
Waterfront Cebu City Hotel, Lahug, Cebu City

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
AUG 08 2014
MARKET REGULATION DEPT.
BY: Sheryl
TIME: 10:15

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [/] Definitive Information Statement

2. Name of Registrant as specified in its charter **WATERFRONT PHILIPPINES INCORPORATED**

3. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **AS-0994-8678**

5. BIR Tax Identification Code **D80-003-978-254-NV**

6. **No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City** — **6000**
   Address of principal office — Postal Code

7. Registrant's telephone number, including area code
   (02) 559-0130

8. **September 13, 2014 at 10:00 a.m. at Waterfront Cebu City Hotel, Inc. Lahug, Cebu City**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **August 22, 2014**

10. ***In case of Proxy Solicitations:***

    Name of Person Filing the Statement/Solicitor:________________________________

    Address and Telephone No.:________________________________

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares - P1.00 par value	**2,498,991,753**

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes __X__ No ______

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
    Philippine Stock Exchange - Common shares

PART I.

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

a.) The annual meeting of the stockholders of Waterfront Philippines, Incorporated is scheduled to be held on September 13, 2014 at 10:00 a.m. at the Waterfront Cebu City Casino Hotel, Inc. Lahug, Cebu City. The complete mailing address of the principal office of the registrant is No.1 Waterfront Drive, Off Salinas Drive Lahug, Cebu City.

b.) Approximate date on which the Information Statement is first to be sent or given to security holders: August 22, 2014.

Item 2. Dissenter's Right of Appraisal

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided under Section 81 of the Corporation Code, under any of the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition, of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

- In case of merger or consolidation.

Under Section 81 and 82 of the Corporation Code, stockholders who dissent to certain corporate actions are given the right appraisal as provided in the Corporation Code. Among others, appraisal rights are available to dissenters in case the corporation invests its funds in another corporation or business for any purpose other than its primary purpose. The appraisal right may be exercised by any stockholder who shall have voted against the corporate action, by making a written demand on the corporation within (30) days after the date on which the vote was taken for the payment of the fair value of his shares.

"Indication whether there is any matter to be taken up which will give rise to the exercise of the dissenter's right of appraisal-**there is none.**

Item 3. Interest of Certain Persons in or Opposition to Matter to be Acted Upon

1. Other than election to office, no director or officer has any substantial interest in any matter to be acted upon during the Annual Meeting of stockholders on September 13, 2014.

2. No director intends to oppose any action to be taken at the said meeting**.**

Item 3. Interest of Certain Persons in or Opposition to Matter to be Acted Upon

Other than election to office, no director or officer has any substantial interest in any matter to be acted upon during the Annual Meeting of stockholders on September 13, 2014.

No director intends to oppose any action to be taken at the said meeting**.**

B. CONTROL AND OTHER INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

The number of shares outstanding and entitled to vote in the stockholders' meeting is 2,498,991,753 shares as of June 30, 2014. The record date for purposes of determining stockholders entitled to vote is August 20, 2014. Stockholders are entitled to cumulative voting in the election of directors, as provided by the Corporation Code.

Under Section 24 of the Corporation Code, cumulative voting is allowed in the election of Directors. Thus, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Security Ownership of Certain Record and Beneficial Owners and Management. There is no change in control of the registrant since the beginning of the last calendar year.

Item 4. Security Ownership of Certain Record and beneficial Owners:
(As of June 30, 2014)

The following persons are known to the Company to be directly or indirectly the record or beneficial owner of more than 5% of any class of the Company's voting securities:

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class
Common	The Wellex Group, Inc. 35th Flr One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas *TWGI is the holding company and major stockholder of WPI.*	The Wellex Group, Inc. 35th Flr One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas • *Represented by Miss Elvira A. Ting, who is a nominee of said company. Directors & Officers are William T. Gatchalian, Dee Hua T. Gatchalian, Kenneth T. Gatchalian, Arthur R. Ponsaran & Yolanda T. de La Cruz*	Filipino	1,143,466,800	45.757%
Common	PCD Nominee Corporation (Fil.) 37/F Tower I, The Enterprise Center 6766 Ayala Ave., Paseo de Roxas, Makati City (*PCD Nominee is not related to WPI)*	Various Clients	Filipino	554,434,174	22.186%
Common	Silver Green Investments LTD.	As of the date of this definitive report the	Non Filipino	180,230,000	7.212%

	Commence Overseas LTD. Commence Chambers P.O Box 2200, Road Town Tortola, BVI	authorized person to vote is not yet known.			
Common	Chesa Holding, Inc Unit 401 Joy bldg., No.6 Joy St, Grace Village Brgy. Balingasa	As of the date of this definitive report the authorized person to vote is not yet known.	Filipino	175,924,000	7.040%
Common	Tybalt Investment LTD Scotia Ctr 4/F P.O 2804 George Town Grand Cayman Island British West Indies	As of the date of this definitive report the authorized person to vote is not yet known.	Filipino	135,010,000	5.403%

Security Ownership of Management
(As of June 30, 2014)

Title Of Class	Name of beneficial Owner	Amount and nature of Beneficial Ownership	Citizenship	% of Class
Common	Renato B. Magadia	200 direct	Filipino	0.000
Common	Kenneth T. Gatchalian	30,000,100 direct	Filipino	1.200
Common	Weslie T. Gatchalian	30,000,000 direct	Filipino	1.200
Common	Arthur M. Lopez	1direct	Filipino	0.000
Common	Elvira A. Ting	10, 000, 009 direct	Filipino	0.400
Common	Lamberto B. Mercado, Jr.	100 direct	Filipino	0.000
Common	Arthur R. Ponsaran	110 direct	Filipino	0.000
Common	Dee Hua T. Gatchalian	350,000 direct	Filipino	0.014
Common	Reno I. Magadia	10,000 direct	Filipino	0.000
Common	Sergio R. Ortiz-Luis Jr.	110 direct	Filipino	0.000
Common	Ruben D. Torres	1,000 direct	Filipino	0.000
	Total Beneficial Ownership	70,361,630		2.814

There is no voting trust holder of 5% or more.
There are no persons holding a certain class of stocks under a voting trust or similar agreement. There are also no arrangements that may result in a change in control of the registrant.

Item 5. Directors and Executive Officers

Nominees for Election as Members of the Board of Directors:
(Final as Pre-screened by NOMELEC)

Name	Position	Age	Citizenship
Renato B. Magadia	Chairman of the Board	76	Filipino
Elvira A. Ting	Treasurer/Director	54	Filipino
Lamberto B. Mercado, Jr.	Director	50	Filipino
➢ Sergio R. Ortiz-Luis, Jr.	Independent Director	71	Filipino
➢ Ruben D. Torres	Independent Director	73	Filipino
Reno I. Magadia	Director	44	Filipino
➢ Arthur M. Lopez	Independent Director	68	Filipino
Kenneth T. Gatchalian	President/Director	38	Filipino
Dee Hua T. Gatchalian	Director	66	Filipino
Arthur R. Ponsaran	Corporate Secretary	71	Filipino

They are in the final list of nominees as pre-screened by NOMELEC. They are being nominated by Ms. Elvira Ting, all of whom are not related with her.

Nominations Committee:
Chairman - Arthur M. Lopez -Independent Director
Member - Ruben D. Torres -Independent Director
Member - Lamberto B. Mercado, Jr.

The Company has complied with the Guidelines on the Nomination and Election of the Independent Directors as outlined in SRC Rule 38.

Independent Directors:
- **Arthur M. Lopez**
- **Sergio R. Ortiz-Luis, Jr.**
- **Ruben D. Torres**

That they all possess the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Philippines, Inc. as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations.

Directors and Executive Officers:

a) There are 9 seats in the Board of Directors. The term of office of each member is one year.
b) The current members of the Board of Directors are now as follows:

Office	Name	Age	Citizenship	Position in Other Listed Companies
Chairman of the Board	Renato B. Magadia	76	Filipino	Director-Phil. Estate Corporation, Chairman of the Board of Metro Alliance Holdings and Equities Corporation, Mercator Holdings and Equities Corporation, 2007-2008 Rotary Governor for district 3930, Director of Misons Industrial and Development Corp., All Oceans Maritime Agency, Inc., Howden Insurance and Reinsurance Brokers (Phils.), Inc., Cunningham Toplis Philippines, Inc., metro combined Logistics Solutions, Inc. and president of The Zuellig Corporation.
Director	Kenneth T. Gatchalian	38	Filipino	Director-Wellex Industries Inc.; President & CEO of Acesite (Phils.) Hotel 2007-present; President and Chief Excutive Officer of Philippine Estates Corporation 2010-2011; Director-Forum Pacific Inc.
Director	➢ Arthur M.Lopez	68	Filipino	Owner and Principal Consultant of AML Hotel Consultancy, Owner of Federal Land Marco Polo Cebu and Hyatt Project at Taguig. Director-Philippine Estates Corp. Independent Director & Chairman- Acesite Phils. Hotel Corp, Currently he is the Hotel Management Consultant of the B Hotel Manila, Bellevue Bohol Resort in Panglao and Bloomberry Casino Hotels & Resorts. Regional Director of Asia Pacific Top Management International Resources Corp. President of Phil. Hotel Federation Inc.
Director	Dee Hua T. Gatchalian	66	Filipino	Director- Philippine Estates Corporation, Acesite (Philippines) Hotel Corporation; EVP-

				Finance and Admin The Wellex Group, Inc., & Plastic City Corporation. Chairperson of Jesus Our Life Ministries, Inc.
Director	Reno I. Magadia	44	Filipino	Managing Director- Misons Industrial & Development Corp., Metro Combined Logistics Solutions, Inc.; Director – Metro Alliance Holdings and Equities Corp. Vice-President and Director of Mercator Filter Manufacturing Corporation.
Director	Lamberto B. Mercado, Jr.	50	Filipino	Director-The Wellex Group, Inc., Metro Alliance Holdings & Equities Corp., Forum Pacific, Inc. Director- Acesite (Phils.) Hotel 2004-present, Air Philippines Corporation and Philippine International Airways, Inc.
Director	➢ Sergio R. Ortiz-Luis, Jr.	71	Filipino	Independent Director-Waterfront Philippines, Inc., President - Philippine Exporters Confederation, Inc. (PHILEXPORT); Honorary Chairman - Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines, Integrated Concepts and Solutions, Inc., Alliance Global, Inc.; Director – International Chamber of Commerce of the Philippines, Manila Exposition Complex, Inc., Lasaltech Academy, BA Securities, Rural Bank of Baguio, GS1.; Gov't Affiliation: Vice-Chairman – Export Development Council; Director – Philippine International Training Corporation. Civic Organizations: Chairman - Rotary Club of Green Meadows, Director – PILAK Foundation, Universal Access Center for Trade Others: Honorary Consul General – Consulate of Romania in the Philippines
Director	➢ Ruben D. Torres	73	Filipino	Independent Director Waterfront Philippines, Inc., President –BPO Workers Association of the Phils..; Vice-President- Trade Union Congress of the Phils., Senior Partner –Torres Caparas Torres Law Offices; Board of Director – Manila Doctors Colleges.
Director and Treasurer	Elvira A. Ting	54	Filipino	President & CEO – Philippine Estates Corporation; Director-Wellex Industries, Inc., Forum Pacific, Inc., Orient Pacific Corporation, Crisanta Realty and Development Corporation, Recovery Development Corporation, The Wellex Group, Inc., Plastic City Industrial Corporation.
Corporate Secretary	Arthur R. Ponsaran	71	Filipino	Director-Philippine Estate Corporation, Wellex Industries, Inc., Forum Pacific, Inc. Acesite (Phils.) Hotel, Managing Partner-Corporate Counsels, Phils., Chairman of Value Management and Options Corp and Corp Secretary of Producers Rural Banking Corp., The Wellex Group, Inc., MRL Gold Phils., Inc., Village Foundation, Shuylkill Assets Strategists (SPV-AMC), Inc., Petrolift Corp.

Key Officers

Name	Office	Age	Citizenship
Kenneth T. Gatchalian	President	38	Filipino
Gaye Maureen Cenabre	Corporate Human Resources Director	50	Filipino
Precilla O. Toriano	Corporate Finance Director	45	Filipino
Maria Socorro Cotelo	Corporate Planning Director	38	Filipino
Ma. Theresa S. Fernandez	Corporate Sales and Marketing Director	52	Filipino
Alfred Portenschlager	Gen. Manager-WCCCH	52	Filipino
Rouel Guanzon	Hotel Manager-WIHD	48	Filipino

On the year 2014, GM Alfred Portenschlager resigned and Ms. Gaye Maureen Cenabre availed the early retirement. Said previous officers resigned without any disagreements on any proposed action of the Board.

None of the directors and officers is connected with any government agencies or other instrumentalities.

A brief description of the directors' and executive officers' business experience and other directorship held in other reporting companies for the last **five years** are provided as follows:

Renato B. Magadia	**Chairman of the Board**

A graduate of the University of the Philippines Diliman with a degree in Business Administration, he is concurrently, the Chairman of the Board of Metro Alliance Holdings and Equities Corporation, Waterfront Philippines, Inc. and Mercator Securities Corporation. He is a Director of various companies like Howden Insurance and Reinsurance Brokers (Phils.), Inc., All Ocean Maritime Agency, Inc., Cunningham Toplis Philippines, Inc., The Zuellig Group, Misons Industrial & Dev't Corp., Phil. Accident Managers, Inc. and Philippine. Estates Corp. He is also a trustee in The Zuellig Foundation, Inc. He has been a director of Waterfront since April 1999- present and is a CPA by profession. From 2006-2008 he is the Rotary Governor for district 3930.

Kenneth T. Gatchalian	**President**

Mr. Kenneth T. Gatchalian is a President of the Company. He is a member of the Board of Forum Pacific, Inc. and Wellex Industries, Inc., and The Wellex Group, Inc. He is 37 years old and holds a Degree in Bachelor of Science in Architecture from University of Texas in San Antonio, Texas, USA. He's been a director of Waterfront since February 2001.

Arthur M. Lopez	**Director**

Arthur M. Lopez is the Principal Consultant of AML Hotel Consultants, an independent Hotel Consultant. The President of the Philippine Hotel Federation Inc. Currently he is the Hotel Management Consultant of the Bellevue Hotel and the B Hotel and the Bellevue Bohol Resort in Panglao, Hotel Advisor of Cathay International Resources Corp., Hotel Technical Services Adviser and Management Consultant of Hotel of Asia Inc., Owner of Jin Jiang Inn Ortigas, Jian Jiang Inn Makati. Director of Asia Pacific Top Management International Resources Corp. and, Chairman of Acesite Philippines Hotel Corporation and Director of Philippine Estates Corporation. He is the Owner's Representative and Advisor of the Sheraton Langkawi Beach Resort in Malaysia, Four Points by Sheraton Kuching, Malaysia, the Santubong Resort in Kuching, Malaysia and Helang Hotel, Langkawi, Malaysia. He was the Management Consultant at the Rarotongan Beach Resort & Spa and the Aitutaki Lagoon Resort and Spa in Cook Islands and has done hotel and club consultancy work in Japan, Palau, China and Indonesia. Currently he has four pre-opening hotel projects in the Philippines and overseas. He was elected as Chairman of Acesite (Phil's.) Hotel Corp., since 2004-present. He is 68 years old and a Masters Degree holder in Business Administration from the University of Santo Tomas. He's been a director of Waterfront Philippines, Inc. since October 2000-present. In 21st September 2013, he received the Certificate of Recognition in the Field of Business Management BSC Management 1968, "in grateful appreciation for giving pride, honor and prestige to UST College Alumni Foundation as well as living the true Thomasian legacy". He was one of the UST Commerce Outstanding Alumni 2013 in the field of Business Management given in 19th September 2013. This was in recognition of his having shown professional excellence, exemplary moral and Christian conduct in his chosen field, living the true Thomasian legacy.

Dee Hua T. Gatchalian	**Director**

Mrs. Gatchalian was elected director of the Company since 24 June 2004-present. She is the Executive Vice-President of The Wellex Group, Inc., and also the Executive Vice-President of Plastic City Corporation. She is a board of director of Philippine Estates Corporation, and Acesite (Phils.) Hotel Corp. She graduated with a degree in Medical Technology from the Far Eastern University in 1970. In addition to her numerous positions in business firms, she is the Chairperson of Jesus Our Life Ministries, Inc., a non-profit, non-stock organization duly registered with the Securities and Exchange Commission.

Reno I. Magadia	Director

A Master's degree holder in Business Administration from Pepperdine University in Los Angeles,California, Mr. Magadia is currently the Managing Director of holding firm, Misons Industrial and Development Corp. He is also the Managing Director of Metro Combined Logistics Solutions, Inc. He is on the Board of Directors of Metro Alliance Holdings and Equities Corporation. He held the posts of Vice President and Director of Mercator Filter Manufacturing Corporation. He also worked as Head Portfolio Manager of stock brokerage firm, Papa Securities Corporation. He was also the President and Founder of the Youth Leaders for Change, a non-profit and multi-sectoral organization for youth leaders in Quezon City. He was elected as Director of Waterfront Philippines, Inc., since September 17, 2005-present.

Lamberto B. Mercado, Jr.	**Director**

A lawyer and a CPA by profession, Atty. Mercado is a member of the Board of Directors of several publicly-listed companies namely: Waterfront Philippines, Inc., Metro Alliance Holdings & Equities Corp., Forum Pacific, Inc., Acesite (Philippines) Hotel Corporation and Wellex Industries, Inc. He is currently the Vice-President for Legal Affairs of the Wellex Group, Inc. In the past as Deputy Administrator for Administration, he had supervised the largest group in the Subic Bay Metropolitan Authority (SBMA). He had also, helped in the drafting of Administrative Orders to effectively implement R.A. 7227 (the law creating the Subic Bay Freeport Zone) and its implementing rules and regulations. He was the President of Freeport Service Corporation, a subsidiary of SBMA and helped in the creation and organization of this service corporation. He was also a Director of Acesite (Phils.) Hotel Corporation since June 24, 2004-present. He studied BSC Major in Accountancy at the University of Santo Tomas and Bachelor of Laws (LLB) at the Ateneo de Manila University School of Law, graduated in 1985 and 1990, respectively. He has been a director of Waterfront Philippines Inc., since July 2003-present.

Sergio R. Ortiz-Luis, Jr.	**Director**

He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, and PhD Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology. He is the President and CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc. He is the Vice Chairman of Alliance Global, Inc., Export Development Council. He is a Director of Manila Exposition Complex, Inc., Lasaltech Academy, Philippine Estate Corporation, BA Securities, Rural Bank of Baguio, PILAK Foundation, and Universal Access Center for Trade and Philippine International Training Corporation. He is a Council Adviser Member of Philippine Foundation, Inc., a Founding Director of International Chamber of Commerce of the Philippines and GS1. He is also a member of the Board of Advisers of Southville International School and Colleges. He is a commissioner of Patrol 117, a Financing Champion of National Competitiveness Council and a Private Sector Representative of Bamboo Council. He is also a Chairman of Rotary Club of Green Meadows Foundation and also a Chairman of Council of Advisers Eastern Police District. He is the Past President of Rotary Club of Green Meadows Quezon City RI District 3780; a Board of Advisers Member of Council of Advisers Philippine National Police, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary and a member of the League of Corporate Foundation. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of

International Association of Education for World Peace. Some awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the Field of Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-present.

Ruben D. Torres	**Director**

Mr. Ruben Torres graduated in the University of the Philippines with a degree of Bachelor of Arts (Political Science) after which, he finished the degree of Bachelor of Laws at the same university. He is 73 years old. Presently he is also the President of BPO Workers Association of the Philippines and Senior Partner of Torres Caparas Torres Law Office. He is associated with the Integrated Bar of the Philippines and Philippine Academy of Professional Arbitrators. His former positions include being a Member of the House of Representatives of the 2nd District of Zambales, Executive Secretary of the Office of the President in Malacañang, Secretary of the Department of Labor and Employment. Mr. Torres became an Independent Director of Waterfront Philippines, Inc. since August 2006-present.

Elvira A. Ting	**Director and Treasurer**

Ms. Elvira A. Ting earned her Bachelor's Degree in Business Administration major in Management from the Philippine School of Business Administration. She's 53 years old and has been a Director of Waterfront Philippines, Inc., since October 2000-present**.** She is also the President/Director of Philippine Estates Corp., a director Wellex Industries, Inc., The Wellex Group, Inc., and Forum Pacific, Inc. She is also a Director/CFO of Acesite Phils. Inc. since 2004-present.

Executive

Kenneth T. Gatchalian	**President**

(see above description)

Gaye Maureen G. Cenabre	**Corporate Human Resources Director**

Gaye Cenabre took up Bachelor of Science in Medical Technology in Velez College. She also took up MBA units in the University of San Carlos. She also has a Masters Degree in Organizational Development. Before joining the Waterfront Group, she was a professional medical representative in Roche Philippines, Inc. a Personnel Secretary in Park Place Hotel, a Personnel Supervisor in Pathfinder Holdings, Inc., the Quality Improvement Program Coordinator in Cebu Park Place Hotel before being the Head of HRD in the same company. She also became the HRD Manager in Harbor View Hotel**.** She joined Waterfront in August 1997-present. In 2005 she acquired a Certification in Human Resources and Management at Cornel University School of Hotel Administration in New York, USA. Recently she was sent to Singapore to attend the Strategic Sustainable Cost Control Training.

Precilla O. Toriano	**Corporate Finance Director**

Ms. Toriano joined Waterfront in September 10, 2001 as Asst. Financial Controller of Waterfront Cebu City Casino Hotel. After five (5) months, she became the Financial Controller before she was promoted as Corporate Finance Director for the group. Before joining Waterfront, she has already been working with the group; she worked as Internal Auditor at Air Philippines Corp. and eventually transferred to The Wellex Group, Inc. to join the Corporate Internal Audit team, which paved the way for her coming in the Waterfront Hotels and Casinos. She is a CPA by profession; she graduated at the University of the East with a degree of Bachelor of Science in Business Administration Major in Accounting. She took up MBA units in the Polytechnic University of the Philippines. After graduation, she worked as an accounting staff at Liberty Corrugated Boxes Manufacturing, Inc. Then, she moved to Control Management Inc. as an Internal Auditor. After which, she worked for Philippine Remnants Corp. as an Accounting Manager. She had several trainings in the following fields: Managerial Leadership and Decision Making Skills, the Basics of Management Audit, Supervisory Effectiveness, Accounting and BIR Regulations, Accounting and Bookkeeping Audit, Operations Audit, Living and Working in Balance, Management Development Program, Accounting & Administrative Control, and Lean Six Sigma. In 2005 she acquired a Certification in Financial Management for Hotels at Cornell University School of Hotel Administration, in New York USA focusing on High Performance Financial Management For Hotels Operations, Hospitality Financial Management & Operations Decision Making, and Fraud Controls for Managers. She attended the CFO Congress 2007 at Malaysia. In 2010 she was sent to Singapore to attend the Strategic & Sustainable Cost

Control Training. She attended the Financial Modeling Seminar in Singapore in 2011. In the year 2012 in June-July, she was sent by the company to New York to attend the Management Development Program at Cornell University thus granting her the "Certification in Strategic Management".

Maria Socorro Cotelo	**Corporate Planning Director**

Ms. Cotelo is the Corporate Planning Director for Waterfront Hotels & Casinos. She joined Waterfront in 2003 as Sales Accounts Manager before she moved to help establish Revenue Management in the company from there she continued to work in the Corporate Planning Division undertaking Standardization, Business Development, Reservation & Distribution and Corporate Information Technology. She earned her Bachelor's Degree in Economics at the University of San Carlos and took up masteral units for the same course before pursuing her Bachelor of Laws from SouthWestern University, Cebu City. After completing her Bachelor of Laws, she worked for the Davide, Calderon, and Tolentino Law office in 2002 and as part-time instructor for the University of San Carlos, Economics Department.
She had significant training in Hotel Management and Distribution Systems and attended Revenue Management seminars specifically on Pricing, Travel distribution and technology, Project Management, Branding, and Selling Skills workshops. Her speaking engagement to two of these international seminars & forums under the Travel Distribution Summit Asia in 2008 and 2009 include topics on Revenue Management in Tough times and Integrating Sales and Marketing in Revenue Management. She completed her Certification in Revenue Management at Cornell University, New York in 2011 with focus on hotel and restaurant revenue management, strategic pricing, demand management, strategic marketing and financial management.

Ma. Theresa S. Fernandez	**Corporate Sales and Marketing Director**

Ma. Theresa Fernandez, joined Waterfront in September 1, 2006-December 15, 2011 as being the Hotel Manager in Waterfront Insular Hotel Davao, and was appointed as Hotel Manager of Waterfront Airport Hotel on December 16, 2011. Currently, she is the Corporate Sales and Marketing Director. She graduated in St. Scholastica's College Manila in 1984 and in Swiss Hotel Association -Switzerland in 1987. Before joining Waterfront she had been an Asst. Maitre'd in Hotel Castell -Switzerland, Asst. Garde Manager in Relais fe Lavaux-Switzerland, Sales Account Manager in Holiday Inn –Manila, Banquet Sales Manager in Manila Pavillion Hotel –Manila, Banquet Manager in Manila Pavillion Hotel –Manila, Banquet Administration Manager in Manila Galleria Suites –Manila, F&B Director in Holiday Inn Galleria –Manila, Consultant in Boracay Regency Hotel & Convention, and the Resident Manager in Boracay Regency Hotel & Convention –Boracay, Aklan.

Alfred Portenschlager	**Gen. Manager-WCCCH**

Mr. Portenschlager, an Austrian national, brings with him vast international hotel experience from across four major continents namely: Asia, Africa, North America and Europe. He was part of the Mandarin Group for eight (8) years with assignments in Mandarin Oriental Hongkong, Mandarin Oriental Manila and then Oriental Singapore. He also spent years of experience in Indonesia and the Bahamas. His stints in the USA also brought him to assignments to Ritz Carlton, Remington Hotel, Pier 66, Hilton in Texas and Opryland Hotel in Tennessee. He spent the earliest years of his career in Europe with Hotels in Switzerland and Austria. In the 1990's , Mr. Portenschlager moved to South Africa to join Sun City Resorts, having carried out a strategic master plan of outlet diversification and marketing plans, established targets and goals pertaining to financial aspect and guest satisfaction in compliance with corporate standards and interfaced with casino operations. Prior to joining Waterfront, Mr. Portenschlager was the Corporate Technical Assistant Director concurrent General Manager of The Lexington Plaza, Lexington Group in Shanghai, China. Then finally he joined Waterfront and was appointed General Manager of Waterfront on June 27, 2011.

Rouel Guanzon	**Hotel Manager-WIHD**

Mr. Guanzon can best be described as people oriented and results producing Marketing professional with a proven track record of accomplishments in the Hotel industry. He served for international chain of Hotels such as Manila Peninsula, Shangrila Mactan and Renaissance Makati. He was the Director of Sales and Marketing with Manila Peninsula group before venturing out to US for a resort and golf club as Director of Operations and Marketing. Prior to joining Waterfront, Mr. Guanzon serves as Hotel Manager for several Hotels of an independent local chain in Manila. On December 16, 2011, Mr. Rouel Guanzon was appointed as Hotel Manager of Waterfront Insular Hotel Davao.

Significant Employees

There are no employees of the Company who is not an Executive Officer but expected to make significant contribution to the business of the Company.

Family Relationship

Mr. Kenneth T. Gatchalian is the son of Ms. Dee Hua T. Gatchalian. Ms. Elvira A. Ting is a sister of Ms. Dee Hua T. Gatchalian and an aunt of Kenneth T. Gatchalian.

Mr. Reno Magadia is also a son of Mr. Renato B. Magadia.

There are no other relationships among the officers listed.

Involvement in Certain Legal Proceedings

As of June 30, 2014 none of the directors and officers/nominees was involved in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceedings, or been subjected to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities or commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law.

Certain Relationship and Related Transactions

	Relationship to the Issuer	**Nature of Advances**	**Amount of Advances**
The Wellex Group, Inc. (TWGI)	Ultimate Parent	Collateral-free and interest-bearing advances; subject to re-pricing; due in one year subject to renewal	2013– P 991,973,000 2012—P 1,102,234,000
Metro Alliance Holdings & Equities Corp. (MAHEC)	Stockholder	Collateral-free and interest-bearing advances; subject to re-pricing; due in one year subject to renewal	2013 – P 358,758,000 2012 – P 351,724,000
Forum Holdings Corp. (FHC)	Stockholder	Collateral-free and interest-bearing advances; subject to re-pricing; due in one year subject to renewal	2013 – P 56,321,000 2012 – P 60,155,000
Pacific Rehouse Corporation (PRC)	Stockholder	Collateral-free and interest-bearing advances; subject to re-pricing; due in one year subject to renewal	2013 – P 500,522,000 2012 – P 615,708,000
Philippine Estate (PHES)	Stockholder	Collateral-free and non-interest bearing; due on demand	2013 – P 94,054,000 2012 – P 46,550,000

See notes 9 on Consolidated FS 2013

Term of Office

The Directors of WPI are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until they're respective successors have been elected and qualified.
Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have been qualified.

Item 6. Compensation of Directors and Executive Officers

None of the Directors receive compensation for serving as Directors of the Company.

The aggregate paid to the Four

Aggregate Compensation paid to the 4 highly compensated executive officers	Principal Position	Year	Salary (P)	Bonus (P)	Other annual compensation
Alfred Portenschlager	General Manger	2013	P8,687,926.90		
Gaye Maureen B. Cenabre	Corporate Peers Resources & Dev't Director	2012	P6,801,335.00	None	None
Precilla O. Toriano	Corporate Finance Director	2011	P4,334,072.50	None	None
Maria Socorro Cotelo	Corporate Planning Director				

The President has no remuneration benefit.

Compensation Plan of Directors

The members of the Board of Director are elected for a term of one year. Director per diem are at a rate of Php8,000.00 (net of 20% ewt) per board meeting. Except for the Chairman and the CEO, Directors, are not entitled to compensation package. Except as herein mentioned, no director received bonuses or profit sharing plans for the years ended 31 December 2013 and December 2012.

Item 7. Independent Public Accountants

The external auditor of Waterfront Philippines, Inc. (WPI) for the most recently completed calendar year ending December 2013 is RG Manabat and Co., previously KPMG Manabat Sanagustin and Co., under Mr. Virgilio L. Manguilimotan, Partner in-charge, and they are being recommended by the board of directors for the approval of stockholders for this coming year. The firm also audited the Company's previous calendar year.

In compliance with SRC Rule 68, Paragraph 3(b)(iv) which states that external auditors shall be rotated every after five (5) years of engagement, the signing partner of the company for the past 5 years Mr. Tomas G. Mahinay was then superseded by the current partner in-charge, Mr. Virgilio L. Manguilimotan.

Representatives of said firm are expected to be present at the stockholders' meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Audit Committee

The Board is authorized to create an Audit Committee, composed of at least three (3) directors, at least one (1) of whom shall be an independent director. Each member of the Audit Committee shall have adequate understanding, at least, or competence at most, of the company's financial management systems and environment. The Audit Committee shall have the functions, powers and authorities as may be prescribed by the Board, or as provided in the Corporation's Manual of Corporate Governance, and as may be prescribed by applicable law and regulations**.**

Duties and Responsibilities of the Audit Committee

Review all financial reports against compliance with both the internal financial management policy and pertinent accounting standards, including regulatory requirements. Review management policy on financial management, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, crisis management. Review audit plans, scope and frequency of the external audit to the extent advisable, interface with the internal and external auditors. Develop a plan to elevate to international standards the accounting and auditing processes, practices and methodologies, including: a realistic timetable within which the accounting system of the Corporation will be 100% International Accounting Standards (IAS) compliant; an accountability statement that will specifically identify officers and /or personnel directly responsible for the accomplishment of such task;

Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Company through a step-by-step procedures and policies handbook that will be used by the entire organization.

The Board constituted the following committees:

Audit Committee
Chairman - Sergio R. Ortiz-Luis, Jr - Independent Director
Member - Arthur M. Lopez - Independent Director
Member - Dee Hua T. Gatchalian

Audit and Audit-Related Fees

	FOR THE CALENDAR YEAR ENDED DECEMBER 31,	
	2013	*2012*
Aggregate Fees Billed for the external audit of the Company's financial statements	3,660,000.00	3,660,000.00

The Company has complied with the requirements of the Rotation of External Auditors as outlined in SRC Rule No.68, Paragraph 3(b)(iv).

Item 8. Compensation Plans

To date WPI has not issued any options or implemented any option scheme to its directors and officers.

The Company has no immediate plan with regard to any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities.

C. ISSUANCE AMD EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

As of June 30, 2014 Waterfront Philippines, Inc. has no plans yet to increase its authorized capital stock.

Item 10. Modification or Exchange of Securities

Waterfront Philippines, Inc. has no plans to modify any of each authorized and issued securities or to exchange them to another class.

ADDITIONAL REQUIREMENTS AS TO CERTAIN ISSUES AND ISSUER

As of December 31, 2013 the company has a net worth of P4.6 billion and is not planning to issue unsecured bond for 2013.

Properties
The Company, being a holding company, has no real properties under its name. Properties under WPI are under the ownership or lease holdings of the respective subsidiaries. WPI is renting an office in the City of Manila.

Information and terms of the rent/lease are as follows:

Location	7th Flr Manila Pavilion Hotel U.N. Avenue corner Maria Y Orosa St. Ermita Manila
Size	538.7 square meters with parking spaces
Terms of Rent	From October 1, 2011 to December 31, 2021 (10 years); renewable within 90 days before the lease period expires permissible by the laws of the Philippines.
Rental	On the office spaces: Php 250,000 per month with an escalation of 5% per year.

WCCCHI and *WMCHI* have separate contracts of lease for the use of parcels of land in the province of Cebu.

WCCCHI Land Lease:

Location	Former airport site at Lahug in Cebu City
Size	Approximately 4.6 hectares
Lessor	Mactan Cebu International Airport Authority
Terms of Lease	50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines
Lease Agreement	Fixed rental per month of Php 11.00 per square meter or a total amount per annum of Php 6,072,000.00 + Percentage rental of 2% of the annual Gross Revenue as defined under the Land Lease Agreement

WMCHI Land Lease:

Location	In front of Mactan-Cebu International Airport, Lapu-Lapu City
Size	Approximately 3.2 hectares
Lessor	Mactan Cebu International Airport Authority
Terms of Lease	50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines
Lease Agreement	Fixed rental per month of Php 18.75 per square meter or a total amount per annum of Php 7,875,000.00 + Percentage rental of 2% of the Annual Gross Revenues as defined under the Land Lease Agreement.

DIHCI Wholly Owned:

Location	Lanang, Davao City	
Size	Approximately 12.29 hectares but with foreshore area of 4.3 hectares	
	Title	Area (In Sq. Meters)
	TCT 0-255*	2,997
	0-256*	304
	0-257*	113
	0-258*	50
	0-259*	404
	T-10250*	43,881
	T-10250*	47,320
	T-10251*	2,091
	T-102510*	2,043

	T-10252*	1,133
	T-10252*	300
	T-10252*	300
	T-10252*	1,580
	T-10254*	500
	T-10254*	400
	T-10303-A*	304
	T-30874*	223
	T-10264*	18,959

ACESITE Land Lease

Location	Corner of United Nations Avenue & Maria Y. Orosa Street in Ermita, Manila
Size	Total land area of 6,500 square meters
Lessor	Cima Realty Philippines Inc.
Terms of Lease	Lease is valid until January 2031, renewable for another 20 years.
Lease Agreement	Php 250,000 per month; escalation of 5% per year

CIMA Realty

Location	Corner of United Nations Ave. & Maria Y. Orosa St., Ermita, Manila
Size	Approximately 6,500 square meters
Title	TCT 184100

The building is mortgaged in favor of the Metropolitan Bank and Trust Company-Trust Department, as the trustee for the Singapore Branch of the Industrial and Commercial Bank of China (ICBC), a banking corporation organized under the laws of the People's Republic of China (PROC), to secure a loan in the original principal amount of Fifteen Million US Dollars (US$15,000,000.00).

Legal Proceedings

SSS vs WPI. Et al civil case no. Q-04-52629 at regional trail court, Quezon City. SSS claim for sum of money with damages filed against WPI, Wellex Industries, Inc. and the Wellex Group, Inc. for non payment of the Contract of Loan with Real Estate Mortgage and Assignment of Shares with option to Convert to shares of Stock in the amount of P375, 000,000.00. The SSS applied for a preliminary attachment against the properties of WPI. The preliminary attachment was initially granted by the Regional Trial Court but was later on reversed by the Court of Appeals upon appropriate appeal by WPI, et al. Presently, the Parent Company and SSS are locked in negotiations for the restructuring of the loan. However, with the change in management of SSS, The Parent Company plans to activate the proposed restructuring of the said loan which includes the condonation of interest and penalties. The Parent believes that it will be able to restructure the said loan.

BIR Assessment

On November 10, 2008, the Parent Company received a preliminary assessment notice from the BIR for deficiency taxes for the taxable year 2006. On February 9, 2009, the Parent Company sent a protest letter to BIR contesting the said assessment. On February 18, 2009, the Regional Office of the BIR sent a letter to the Parent Company informing the latter that the docket was returned to Revenue District Office for reinvestigation and further verification.

In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the VAT and compromise penalty assessments. WPI decided not to contest the

EWT assessment. The BIR filed its motion for reconsideration (MR) on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013 docketed as CTA EB No. 1070 where it is awaiting decision by the CTA.

The group's management legal counsel have made a judgment that the position of the Group is sustainable and, accordingly, believe that the Group does not have present obligation (legal or constructive) with respect to such assessment and claims.

Item. 11. Financial and Other Information

The consolidated financial statements are filed as part of this FORM SEC 20IS, attached hereto and marked as "Annex A."

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

As of June 30, 2014, Waterfront Philippines, Inc. has no plans to merge, and consolidate with other company, to acquire other company's securities, to acquire any other going business or of the assets thereof, to sell or transfer any substantial part of its assets and to liquidate or dissolve the Company.

Item 13. Acquisition or Disposition of Property

The Company acquired 100% interest of CIMAR, a former subsidiary of Acesite Limited (BVI) or ALB, in October 2011. In July 2011, the Company and CIMAR executed a Memorandum of Agreement (MOA), which effectively settle all pending cases and controversies between the two parties. In fulfillment of all the terms and conditions of the MOA, CIMAR's stockholders including all their nominees, agreed to assign, sell, transfer and convey all existing shares of stocks of CIMAR to the Company.

Item 14. Restatements of Accounts

The Consolidated Financial Statements of Waterfront Philippines, Inc. has been prepared in accordance with Philippine Financial Reporting Standards (PFRS). In particular there have no restatements of Accounts.

<u>D. Other Matters</u>

Item 15. Action with Respect to Reports

1. Annual report for the year ending December 31, 2013 will be presented to the stockholders for approval.

2. Minutes of the 2012 Annual Stockholders' Meeting will also be presented to the security holder for approval.

3. Interim Report as of June 30, 2014 will be presented to the security holder for information regarding the actual situation of the business.

Item. 16 Matters Not Required to be Submitted-NONE

Item 17. Amendments of Charter, By-Laws & Other Documents

a. Except for the amendments that the Corporation has made to its by-laws, Article III, Board of Directors, Sections 3-7, as per Board of Directors meeting held on September 1, 2004 and Stockholders' meeting held on September 4, 2004, And it was filed and approved with SEC last September 6, 2005. Since then there is no other amendments made by the corporation.

b. On May 25, 2012, the application for the increase in Acesite (Phils.) Hotel Corp.'s authorized capital stock, one of Waterfront Philippines Inc.'s subsidiaries, from P310 million to P1.21 billion was approved by SEC. Accordingly, the Company distributed the 250% stock dividends or 246,248,212 shares on July 19, 2012 for stockholders of record as of June 25, 2012.

The Board of Directors and the stockholders of Acesite (Phils.) Hotel Corporation approved on June 11, 2009 and July 2, 2009, respectively, the increase of the authorized capital from P1, 210,000,000.00 to P2, 010,000,000.00 via stock rights offering at an entitlement ratio of 0.58:1.

In a special meeting held last July 14, 2014, the Board of Directors approved the amendment of the entitlement ratio from 0.58:1 to 1:1.

The proceeds will be used for the renovations of rooms, facilities, repair and replacement of equipment and working capital.

c. In a special meeting also held last July 14, 2014, the Board of Directors approved the proposal to increase the authorized capital stock of Waterfront Mactan Casino Hotel, Inc, one of Waterfront Philippines Inc.'s subsidiaries, from P13, 800,000.00 to P500, 000,000.00, which increase will be paid-up via declaration of stock dividends in the amount of P262, 200,000.00.

d. Waterfront Philippines Inc.'s principal office address is located at No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City as amended in the Articles of Incorporation on December 19, 2001. This is in compliance with SEC Memorandum No. 6, Series of 2014.

Item 18. Other Proposed Action

For the coming Stockholders meeting on September 13, 2014 at Waterfront Cebu City Hotel, these are the following proposed action to be taken:

a. Approval of Minutes of the previous stockholders meeting.

b. Presentation of the Annual Report and Audited Financial Statements for the calendar year 2013 and during the meeting a copy of the 2nd quarterly report for 2014 will be furnished to the stockholders.

c. Election of the board of directors for the ensuing term

Chairman of the Board	- Mr. Renato B. Magadia
President	-Mr. Kenneth T. Gatchalian
Treasurer	-Ms. Elvira A. Ting
Corporate Secretary	-Mr. Arthur R. Ponsaran
Assistant Corporate Secretary	-Atty Arsenio A. Alfiler, Jr.
Compliance Officer	-Ms. Precilla O. Toriano
Corporate Affairs Officer	-Mr. Richard I. Ricardo

d. Appointment of External Auditors
The board will recommend R.G. Manabat & Co., previously Manabat Sanagustin and Co., as the Corporate External Auditor for the year 2014.

e. Appointment of External Counsel
For the year 2014 the board will recommend Corporate Counsels, Philippines as the Legal Counsel of the Company.

f. Ratification of the acts of the Board of Directors and Management

Acts of Management and resolutions of the Board including:

- To appoint and constitute BOD Trust and Investment Group as our Stock Transfer Agent to issue shares of the company in scrip less or uncertificated form in accordance with Section 43 of the Securities Regulation Code and to link our database to the EDR(Electronic Direct Registration) system of Pastra Net. Inc.

- Renewal of licenses with government agencies/offices and other contracts and designation of the authorized signatories.

- All other administrative matters concerning Waterfront Philippines, Inc.

Other than the above mentioned proposed actions there are no other matters that the Board of Directors intends to present or have the reason to believe others will present at the meeting.

Item 19. Voting Procedures

The vote of stockholders representing at least majority of the issued and outstanding capital stock entitled to vote is required.

At every meeting of the stockholders of the corporation, each share of stock entitles its owner to one vote, provided, however, that in the case of election of directors, every stockholder entitled to vote shall be entitled to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the entire number of votes cast by him shall not exceed the number of shares owned by him multiplied by the entire number of directors to be elected.

Every stockholder entitled to vote at any meeting of the stockholders may so vote in person or by proxy, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. The instrument authorizing a proxy to act must be in the hands of the Secretary not later than forty-eight (48) hours before the time for the meeting axe (Article II, Sec. 7 of the By-Laws). Voting shall be by raising hands and need not be by ballot, the Corporate Secretary shall duly count any action authorized upon the vote of the majority of the votes cast, except in the election of directors, which shall be on the basis of cumulative voting hitch.

It is being noted that all items in the agenda shall be voted majority of the stockholders.

THE COMPANY'S ANNUAL REPORT ON SEC FORM 17 A WILL BE PROVIDED WITHOUT CHARGE UPON WRITTEN REQUEST OF ANY SHAREHOLDERS OF RECORD ENTITLE TO NOTICE OF AND VOTE OF AT THE MEETING, AT THE DISCRETION OF THE MANAGEMENT, A CHARGE MAY BE MADE FOR EXIBITS, PROVIDED SUCH CHARGE IS LIMITED TO REASONABLE EXPENSES INCURRED BY THE REGISTRANT IN FURNISHING SUCH EXHIBITS. Such written request may be directed to our Corporate Secretary, Atty. Arthur R. Ponsaran, with Office Address at unit 3104 31^{st} floor Antel Global Corporate Center # 03 Doña Julia Vargas, Ortigas Center Center Pasig City.

PART II

"WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED NOT TO SEND A PROXY."

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Cebu on August 07, 2014.

By: ______________________
(Signature)

Precilla O. Toriano/Corporate Finance Director
(Printed Name/Title)

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ARTHUR M. LOPEZ**, Filipino, of legal age, and a resident of The Ritz Tower Condominium, 6745 Ayala Avenue, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Waterfront Philippines, Inc.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Waterfront Phils., Inc.	Independent Director	2002 – present
Acesite (Phils.) Hotel Corporation	Independent Director	2004 – present
Phil. Estates Corporation	Director	1996 – present
Phil. Hotel Federation, Inc.	President	2006 – present
Arleff Holdings Inc.	President	2008 - present
Legoli Holdings Inc.	President	2008 – present
Bellevue Manila	Management Consultant	2003 – present
Bellevue Resort Bohol in Panglao	Management Consultant	Present
Cathay Int'l Resources Corp (CIRC) Federal Land	Management Consultant	2007 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Philippines, Inc, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

5. I shall inform the corporate secretary of Waterfront Philippines, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of JUL 17 2014 at CITY OF MANILA.

Arthur M. Lopez
Affiant

CITY OF MANILA SUBSCRIBED AND SWORN to before me this ____ day of JUL 17 2014 at _____________, affiant personally appeared before me ~~and~~ exhibited to me his Community Tax Certificate No. 02258640 issued at Makati City, Metro Manila on March 12, 2014.

Tamayo
ATTY. RAMIL JOSELITO B. TAMAYO
NOTARY PUBLIC TIN NO. 231430744000
PTR No. 2393078 Until 12-31-14 / ROLL No. 49687 - MCLE No. IV-0021244
IBP LIFE No. 942235, Commission No. 2014 -019 Until 12-31-15 MANILA
Office Add: National Press Club Bldg. Magallanes Drive, Intramuros, Manila

Doc. No. 220;
Page No. 44;
Book No. IV;
Series of 2014.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **RUBEN D. TORRES**, Filipino, of legal age, and a resident of # 22 Kalaw Ledesma Circle, Tierra Verde Homes, Tandang Sora, Quezon City after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Waterfront Philippines, Inc.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
BPO Workers Association of the Phils. (BWAP)	President	Present
Trade Union Congress of the Philippines	VP- International Affairs	Present
Torres Clemencio Cabochan Torres Law Offices	Senior Partner	1998-present
Manila Doctors College	Member , Board of Advisers	2009-present
WATERFRONT PHILIPPINES INC.	Board of Director	2006-present
ACESITE PHILIPPINES HOTEL CORP.	Board of Director	present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Philippines,Inc. as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

5. I shall inform the corporate secretary of Waterfront Philippines, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of JUL 17 2014 at CITY OF MANILA.

Affiant

SUBSCRIBED AND SWORN to before me this ____ day of JUL 17 2014 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. __________ issued at __________, Metro Manila on ____________2014.

Doc. No. 221;
Page No. 44;
Book No. 10;
Series of 2014.

ATTY. RAMIL JOSELITO B. TAMAYO
NOTARY PUBLIC TIN NO. 231430744000
PTR No. 2393078 Until 12-31-14 / ROLL No. 49687 - MCLE No. IV-0021244
IBP LIFE No. 982235, Commission No. 2014-019 Until 12-31-15 MANILA
Office Add: National Press Club Bldg. Magallanes Drive, Intramuros, Manila

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **SERGIO ORTIZ-LUIS JR**, Filipino, of legal age, and a resident of 151 corner 3rd St., and 10th Ave., Riverside Village, Pasig, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Waterfront Philippines Inc.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Waterfront Phils., Inc.	Independent Director	2006-present
Acesite (Phils.) Hotel Corporation	Independent Director	2013-present
Alliance Global	Vice Chairman	2007-present
Phil. Chamber of Commerce & Industry	Honorary Chairman/Treasurer	2008-present
PHILEXPORT	President/CEO	1991-present
ECOP	Honorary Chairman	2010 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Philippines, Inc, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

5. I shall inform the corporate secretary of Waterfront Philippines, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of JUL 17 2014 at CITY OF MANILA.

Affiant

SUBSCRIBED AND SWORN to before me this ____ day of JUL 17 2014 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. 30288604 issued at Manila City, Metro Manila on January 08, 2014.

Doc. No. 223;
Page No. 49;
Book No. IV;
Series of 2014.

ATTY. RAMIL JOSELITO B. TAMAYO
NOTARY PUBLIC TIN NO. 231430744000
PTR No. 2393978 Until 12-31-14 / ROLL No. 49687 - MCLE No. IV-0021344
IBP LIFE No. 922235, Commission No. 2014-019 Until 12-31-15 MANILA
Office Add: National Press Club Bldg. Magallanes Drive, Intramuros, Manila

Financial and Other Information

Management Discussion and Analysis (See Annex I)
Financial Statements (See Annex II)
Changes In and Disagreements with Accounts on Accounting and Financial Disclosure-NONE.

MANAGEMENT REPORT

ANNEX 1

Cautious Optimism

The Philippines is currently demonstrating promising economic strides. In 2013, we reported a GDP increase of 7.2% after a gain of 6.8% in 2012, the fastest two-year acceleration since the 1950s.

Perhaps this figure is a sign of a new phase of robust growth. It is proof of our economic resilience despite the devastating challenges that beset the country during the year, such as a series of strong earthquakes and super typhoon Yolanda (Haiyan), which temporarily crippled the Visayas region. Some of our properties acquired minimal damage from these calamities, but repairs were quickly initiated and it was business as usual.

Our Philippine tourist arrivals are consistent with the overall worldwide trend, which shows a renewed interest in travel despite a recovering but relatively slow global economy. According to the Department of Tourism (DOT) record, nearly 4.7 million tourists visited the country in 2013. The figure is up by 9.56% from 2012.

South Koreans accounted for 25% of our arrivals, making them our top international source market, next overall to our local guests. Japan and China followed closely. However, there was a notable decline in Taiwanese arrivals, which dropped 35% due to the Taipei-Manila conflict over a Taiwanese fisherman who was shot in Philippine waters. In 2013, the looming lack of resolution over the hostage-taking incident in Manila resulted in continuing negative press from the Hong Kong government, with diplomatic tensions signaling an all-time high when Hong Kong threatened to ban Philippine government officials' passports. The year also heralded heightened tensions in the West Philippine Sea, with China's territorial claims causing instability in the region. The Greater China Region (China-Hong Kong-Taiwan) used to be one of our main feeder markets (ranked second), but political and territorial disputes have hampered our access to this market.

We are therefore approaching the current business climate with cautious optimism. Yes, the GDP and tourism numbers are up, but it is too soon to tell whether this new positive growth is sustainable. For our particular industry, it has yet to reflect encouraging developments.

We are using green and blue as our theme colors for this year because both are colors of life—of hope, vibrancy and prosperity. The choice reflects renewed buoyancy and enthusiasm among the Waterfront Group.

Despite the challenges in 2013, our performance remains steady. Gross revenue is at PhP1.98 billion. Because of cost-efficiency measures we were able to reduce costs and expenses to 4% from PhP1.52 billion in 2012 to PhP1.46 billion in 2013. Thus, giving the Group to edge out a greater GOP compared to last year, up 9% from PhP476.06 million to PhP517.6 million.

On October 15, 2013, the group suffered damages on property and equipment due to the 7.2 magnitude earthquake. These losses were recognized for both Waterfront Cebu City Hotel & Casino and Waterfront Airport Hotel & Casino resulting to a net loss of PhP65.33 million versus last year's net income of Php9.01 million.

Total room revenue is at PhP548.22 million; F&B revenue is at PhP499.75 million.

Moving forward, the company will continue to use proven strategies to increase performance.
We will continue to enhance our product in order to boost guest satisfaction. Our overall GSI this year is 4.41 (out of 5; 5 being the highest rating), considered a "high good" rating in the industry. The recently renovated Waterfront Cebu City Hotel & Casino lobby is delivering positive results: food covers increased by 4.86%; Lobby Lounge revenue is up by 28.28% and the average check has jumped by 22.33%. Our biggest product improvement in 2013 is the Manila Pavilion Hotel (MPH) renovation. We have just completed the next phase of our PhP500 million project, which is the renovation of our Deluxe Rooms. Along with our refreshed Ambassador Club Rooms and Suites, Executive Suites and Premier Rooms and

Suites, the Deluxe category adds to the new look and feel of the hotel, contributing significantly to guest satisfaction and allowing us to be more competitive in our category in the Manila Bay area. Currently, the renovated rooms and suites, all redesigned by internationally acclaimed architect Sonia Santiago-Olivares, make up 50% of the total room inventory at MPH. With better design and amenities in our MPH property, we will be able to charge more per room and therefore increase revenue. We expect the rise in revenue to be reflected in the following year, but it is already beginning to express a significant trend in the 2013 figures: Average Room Rate (ARR) made the biggest leap in the group with a 49% growth rate, from PhP1,447 in 2012 to PhP2,159 in 2013; RevPAR is up by 31%, from PhP730 in 2012 to PhP958 in 2013.

The third phase of the MPH renovation program which started on June 2014 has a total project cost of PhP152 million. This time the renovation will involve the Superior Rooms and banquet facilities, to be designed by the prestigious A. Ilustre and Associates architectural firm.

We constantly find ways to streamline costs. We focus on our largest cost centers, manpower and electricity cost. Our most recent improvement is the acquisition of brand new state-of-the-art chillers thru Cofely International. Our old chillers were inefficient with 50% energy wastage. Our new chillers are 100% energy-efficient, releasing commensurate output with very little wastage. This tremendous increase in energy efficiency is certain to produce big savings. It also assures us of sustainability and long-term profitability. As the machines were acquired in 2013, we expect to feel the benefits in the following year. The Philippines is known for having one of the highest electricity costs in the world, and with little prospect of improvement in this area, we are now assured that one of our main cost centers will be insulated in the coming years.

We enhance our revenue by improving our different distribution networks, online and offline. Online, we are a Philippine leader, being awarded multiple times as a top producer by Agoda and Expedia. We won the 2013 Agoda Gold Circle Award for WCCH, WAHC and MPH and this we have done for two years consecutively. WCCH is Expedia's most engaged hotel partner for 2013 and the top-producing hotel by room nights in the four-star category.

E-commerce is still enjoying a global surge and shows no signs of slowing down as more consumers opt to transact and book their stays online. Online revenue currently contributes an average of 23% to our total hotel rooms' revenue across all properties.The overall online revenue for all properties is at PhP124.8 million. For each property, WCCH contributed 45.2%; WAHC, 20.4%; WIHD, 9.5%; MPH, 17.6%; and G Hotel, 7.3% to the total hotel group online revenue. The significant values in online percentage contribution indicate a shifting pattern of consumer behavior and our online channels' continued dominance as an important revenue generator. Through our online channels, there has also been a growth in our Average Room Rate (ARR) of 11%, from PhP2,131 in 2012 to PhP2,361 in 2013.

In the coming years, we will maintain our lead and harness our online potential by revamping our webpage, adding more capabilities to it and by enhancing our online web sweep. We are planning to innovate by introducing new online products, and ways to reach our customer through the web.

We continue to streamline procedures in our Central Reservations Office (CRO). Our CRO received an increased number of calls in 2013. Performance grew by 14%, from 115,735 calls in 2012 to 131,917 calls in 2013 through our local and international 1-800 numbers.

We believe that as the world gets more connected we can harness the potential of technologically enhanced service systems. Our online and offline systems must become more integrated and efficient so we are able to properly interact with our market and become more profitable through innovation and efficiency.

All of the abovementioned measures build the relevance of the Waterfront name, thereby unlocking value for your shares.

Management's Discussion and Analysis or Plan of Operation

Reflecting the overall stabilizing trend, Waterfront Philippines this year showed steady figures. Our GOP is at P 517.60 million. Hotel operations generated positive revenue of P 1.98 billion, a slight decrease of 1.01% from 2012's P 1.99 million. Rooms contributed 28% or P 548.22 million; F&B put in a share of 25% or P 499.75 million. RevPar was at P 1,308.20. Group average room rate was at P 2,361.39.

Below are the results of operations of the Parent Company and its subsidiaries, for the years ending December 31, 2013 and 2012 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS (Amounts in P)

	2013	2012
Revenues	1,979,091,715	1,999,265,946
Less: Costs and Expenses	1,461,490,841	1,523,203,524
Gross Income	**517,600,874**	**476,062,422**
Other Expenses (Income)	578,980,279	428,306,676
EBITDA	**(61,379,405)**	**47,755,746**
Income Tax Expense (Benefit)	3,952,111	38,746,192
NET INCOME (LOSS)	**(65,331,516)**	**9,009,554**
Earnings (Loss) Per Share	**(P0.028)**	**(P0.002)**

FINANCIAL CONDITION (Amounts in P)

	2013	2012
ASSETS		
Current Assets	2,359,380,385	2,471,273,384
Non Current Assets	6,844,516,884	6,900,490,582
Total Assets	**9,203,897,269**	**9,371,763,966**
LIABILITIES		
Current Liabilities	2,224,979,328	1,996,158,204
Non-current Liabilities	2,381,082,476	2,974,774,974
Total Liabilities	**4,606,061,804**	**4,970,933,178**
Total Stockholders' Equity	**3,872,866,239**	**3,722,512,666**
Minority Interest	724,969,226	678,318,122
Total Liabilities & S/H Equity	**9,203,897,269**	**9,371,763,966**

Calendar Year ended December 31, 2013 as compared with Calendar Year ended December 31, 2012

RESULTS OF OPERATION

Revenues and Earnings per share

- Total revenues for year ended December 31, 2013, was slightly lower than the previous year. Revenues from hotel operations for the year 2013, is P1.979B compared to 2012's P1.999B, decrease of 1.01%.

  Earnings per share for 2013 was (P0.028) compared to last year's of (P0.002).

Cost and expenses

- Cost and expenses decreased by P61.71M equivalent to 4.05% compared to last year. This is mainly due to the company-efficiency measures without sacrificing standards of the hotels.

FINANCIAL CONDITION

Cash and cash equivalents – This account decreased by P4.92M more or less 6.41% to its equivalent.

Receivables – receivables increased by 26.35% from P151.43M in 2012 to P191.34M in 2013. The receivables from PAGCOR leads to the increased of this account. In addition, the company still continues to counter the increased credit sales, at the same time increase the Manila accounts collection, generally on a 30 day term.

Inventories – decrease in inventories by roughly 10.55% from P29.84M to P26.69M.

Prepaid expenses and other current assets – There was an increased of P31.00M in this account approximately 84.01% from P36.90M in 2012 to P67.91M in 2013.

Due from related parties-current portion – This decreased by 174.74M or 8.03%. This represents interest bearing advances with MAHEC, TWGI, FHI and PRC at a rate of 2% per annum for this year. For this year, this account was being subject for re-pricing; due in one year subject to renewal. As for PHES, it will be due on demand.
This will be recorded as part of the current portion of the due from related parties.

Property plant & equipment – This increased by P42.50M or 0.66% compared to last year. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2005.

Available for sale (AFS) investments – This account reflected a decreased of P9.10M.
In July and August 2005, APHC's BOD approved the conversion of APHC's net receivables from MAHEC and East Asia Oil Company (EAOC) into 86,710,000 shares of stock of WII, an entity under common control, the shares of which are listed in the Philippine Stock Exchange. In accordance with PAS 39, Financial Instruments: Recognition and Measurement, APHC classified the investment in WII's shares of stocks as an AFS investment. The aggregate fair market values of WII shares based on its closing market price as at December 31, 2013 and 2012 are P16.9 million and P26.0 million, respectively, resulting in a valuation loss of P9.1 million in 2013 and valuation gain of P3.0 million and P16.8 million in 2012 and 2011, respectively.

Deferred tax assets – This account decreased by P33.62M, which is 11.96%.

Deferred tax liabilities – This account increased by P37.86M which is 3.12%.

The movements for the deferred tax assets and liabilities are as follows:

December 31, 2013	**Balance January 1 2013**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Balance December 31 2013**
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P1,158,090,532	(P50,729,235)	P99,592,841	P1,206,954,138
Rental receivable	34,332,449	(5,687,966)	-	28,644,483
Unamortized premium on security deposit	22,334,928	(5,318,117)	-	17,016,811
	1,214,757,909	(61,735,318)	99,592,841	1,252,615,432
Deferred tax assets:				
Rent received in advance	146,902,224	(27,063,545)	-	119,838,679

Retirement liability	70,712,445	6,253,515	(21,270,493)	55,695,467
Unrealized foreign exchange loss	35,301,532	3,348,768	-	38,650,300
Allowance for impairment losses on receivables	6,084,950	681,217	-	6,766,167
NOLCO	1,383,305	(712,693)	-	670,612
Unamortized past service cost	1,670,225	1,618,953	-	3,289,178
MCIT	961,803	1,052,016	-	2,013,819
Accrued rent expense	1,594,587	(101,969)	-	1,492,618
Unearned revenues	16,534,372	2,564,856	-	19,099,228
Accrued restructuring cost on loan	-	9,614	-	9,614
	281,145,443	(12,349,268)	(21,270,493)	247,525,682
	P933,612,466	(P49,386,050)	P120,863,334	P1,005,089,750

December 31, 2012	**Balance January 1 2012**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Balance December 31 2012**
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P1,194,930,430	(P36,839,898)	P -	P1,158,090,532
Rental receivable	24,327,699	10,004,750	-	34,332,449
Unamortized premium on security deposit	27,309,400	(4,974,472)	-	22,334,928
	1,246,567,529	(31,809,620)	-	1,214,757,909
Deferred tax assets:				
Rent received in advance	150,066,813	(3,164,589)	-	146,902,224
Retirement liability	64,120,786	6,797,146	(205,487)	70,712,445
Unrealized foreign exchange loss	45,397,170	(10,095,638)	-	35,301,532
Allowance for impairment losses on receivables	6,810,664	(725,714)	-	6,084,950
NOLCO	1,936,888	(553,583)	-	1,383,305
Unamortized past service cost	2,351,578	(681,353)	-	1,670,225
MCIT	124,970	836,833	-	961,803
Accrued rent expense	1,579,098	15,489	-	1,594,587
Unearned revenues	16,502,490	31,882	-	16,534,372
	288,890,457	(7,539,527)	(205,487)	281,145,443
	P957,677,072	(P24,270,093)	P205,487	P933,612,466

Deferred tax assets have not been recognized by certain subsidiaries because of some items that are not probable that future taxable profits will be available against which the subsidiaries can utilize the benefits thereon prior to their expiration or reversal.

Other non-current assets – There was a decreased of P55.75M or 42.74%, from 130.42M in 2012 to P74.67M in 2013.

Current Liabilities – This account consists of trade payable, income tax payable, accruals and loans payable. This increased by 11.46% from last year, P1.99B of 2012 to P2.22B of 2013.

Loans Payable – This decreased by P290.65M equivalent to 20.92%. This consists of loan from Social Security System, Philippine Business Bank and from Industrial Commercial Bank of China – Singapore Branch.

Income tax payable – This account which comprises current and deferred taxes increased by P3.66M, which is 25.55% as compared to last year.

Other non-current liabities – The account showed a decreased of P182.85M or 17.25%. The decrease was caused by the non-contributory, defined benefit plan offered to employees and security deposits from leases with PAGCOR.

Calendar Year ended December 31, 2012 as compared with Calendar Year ended December 31, 2011

RESULTS OF OPERATION

Revenues and Earnings per share

- The Philippines is currently demonstrating promising economic strides but still WPI edged out a better performance for the year 2012. Total revenues for year ended Dec. 31, 2012, was higher than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2012, is P1.999B compared to 2011's P1.995B; an increase of 0.19%. Moving forward, the company will continue to use proven strategies to increase performance and enhance our product in order to boost guest satisfaction.

- Earnings per share for 2012 is (P0.002) compared to last year's (P0.048). There are no potentially dilutive shares as of December 31, 2013, 2012, 2011.

Cost and expenses

- Cost and expenses is increased by P92.88M reflecting a 6.49% increase from previous year. This is mainly due to increase in energy costs and repairs and maintenance.

FINANCIAL CONDITION

Cash and cash equivalents – This account decreased by P2.23M, which is 2.83%.

Receivables – decreased by 8.32%, from P165.17M in 2011 to P151.43M in 2012.

Inventories – Inventories for the period decreased by 18.73% compared to last year, this year being at P29.84 million and last year at P36.72 million.

Prepaid expenses and other current assets – This increased by P18.14M, approximately 96.68%; from P18.76M in 2011 to P36.91M for this year. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Due from related parties – This account was increased by P110.79M an amount equivalent to 5.36%. This represents interest bearing advances to MAHEC, TWGI, FHI and PRC. These are all subject to re-pricing and due in one year for renewal. PHES advances is due on demand.

Property plant & equipment – This account reflected a decrease of P71.90M or 1.10% compared to last year. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2009.

Available for sale (AFS) investments – This account reflected an increase of P3.03M or 13.21% as compared to last year due to valuation gain. In July and August 2005, APHC's BOD approved the conversion of APHC's net receivables from MAHEC and East Asia Oil Company (EAOC) into 86,710,000 shares of stock of WII, an entity under common control, the shares of which are listed in the Philippine Stock Exchange. In accordance with PAS 39, Financial Instruments: Recognition and Measurement, APHC classified the investment in WII's shares of stocks as an AFS investment. The aggregate fair market values of WII shares based on its closing market price as at December 31, 2013 and 2012 are P16.9 million and P26.0 million, respectively, resulting in a valuation loss of P9.1 million in 2013 and valuation gain of P3.0 million and P16.8 million in 2012 and 2011, respectively.

Deferred tax assets – This account decreased by P7.75M, which is 2.68%.

Other non-current assets – There is a decrease of P67.21M on this account, an amount equivalent to 34.01% compared to last year's. This was mainly due to deposit to various contractors for the on going renovations of WCCCHI and APHC. This is also composing of advances to officers and employees, and deposits to service providers such as security and janitorial services.

Current liabilities – This account consists of trade payable, income tax payable, accruals and loans payable. The account decreased by 10.39% from last year; P2.23B in 2011 down to P1.99B in 2012.

Accounts payable & accrued expenses – This account is part of the "Current Liabilities". This includes trade payable to suppliers and accrued interest and penalties from SSS loan. There is an increase of 5.94% compared to last year.

Loans payable – The total amount consist of current and long term has increased by 0.66% compared to last year. This represents loan from Philippine Business Bank, Social Security System, and from Industrial Commercial Bank of China – Singapore Branch.

Income tax payable – This account which comprises current and deferred taxes decreased by P39.44M, which is 73.37% as compared to last year.

Contract payable – This balance of US$2 million which is P86.26 million and is payable in 2012 resulted after from the first amortization of US$500 thousand paid by APHC upon the signing of the MOA.

Deferred tax liabilities – This account decreased by 2.55% compared to last year.

Other non-current liabities – The account showed an increased of P13.44M or 1.28%. The increase was caused by the non-contributory, defined benefit plan offered to employees and security deposits from leases with PAGCOR.

TOP 5 PERFORMANCE INDICATORS			
As of December 31, 2013, 2012 and 2011			
	December 2013	**December 2012**	**December 2011**
Occupancy percentage	55.60%	56.60%	64.12%
Average Room Rates	2,361.39	1,144.77	1,907.00
Average Food Covers	161,782.60	281,103.20	267,201
Average Food Checks	404.89	415.35	402.90
Average Food Costs	30%	31%	35%

Occupancy Percentage
The Company's occupancy percentage for 2013 was 55.60% as compared to last year's 56.60%. This is computed by dividing the total number of rooms sold over the total number of rooms available for sale.

Average Room Rate
Average room rate increased by 106.28%, higher compared to last year's balance of 1,144.77. It is computed by dividing the total rooms revenue over total number of rooms sold.

Average Food Covers
Food covers decreased by 42.45%. This pertains to decreasing number of guests that availed our outlets.

Average Food Checks
The average food checks or the average consumption per guest decreased by 2.52%. Although it remains that the main generator of revenue are the social functions booked and rates are lower as compared to those in outlets, the Company has doubled its efforts in satisfying the eclectic tastes of the guests and marketing them by various promotions.

Average Food Costs
The average food cost was decreased by 1% from last year to this year's balance 31% to 30%. The Company is continually contemplating ways to avoid higher food costs without jeopardizing the quality of its products. Total cost of food sold divided by food revenue.

Key Variable and Other Qualitative and Quantitative Factors:

(i) Any known Trends, Events or Uncertainties-(material impact on liquidity)-NONE

(ii) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

(iii) There are no 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.

(iv) There are no material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.

(v) From continuing operations, the Company is not exposed to any significant elements of income or loss except for those already affecting profit or loss.

(vi) Causes of material changes in the items in the financial statements from the year ending 31 December 2013 – NONE

Interim Periods and Comparable Discussions to Assess Material Changes:

Discussion and analysis on the operating results for the 1st quarter of 2014 is briefly discussed on the attached SEC Form 17Q while for the 2nd quarter ended June 30, 2014 will be attached on or before the scheduled date of 2013 Annual Stockholders Meeting which is duly received by SEC before its deadline on August 14, 2014. Attached herewith in this report is a Letter of Undertaking which states the distribution of SEC Form 17-Q 2nd quarter of 2014 during the Annual Stockholders Meeting.

OPERATIONAL AND FINANCIAL INFORMATION

Market for Registrant's Common Equity and Related Stockholder Matters
1. The stocks of WPI shares which are listed on the Philippine Stock Exchange for the last two calendar years are as set out hereunder:

Peso	**High**	**Low**
2014		
January – March 2014	0.380	0.310
April- June 2014	0.360	0.305

Peso	**High**	**Low**
2013		
January – March 2013	0.48	0.385

April- June 2013	0.42	0.315
July-September 2013	0.405	0.34
October-December 2013	0.395	0.33

Peso	**High**	**Low**
2012		
January – March 2012	0.72	0.475
April- June 2012	0.60	0.35
July-September 2012	0.48	0.415
October-December 2012	0.46	0.40

The number of stockholders of record as of December 31, 2013 on the Register of Shareholders was 482 but the company is not able to identify the actual number of beneficial owners who are registered under the name of the member companies of the Philippine Stock Exchange (PSE). Common shares outstanding as of December 31, 2013 were 2,498,991,753. There are no sales for the last three years of unregistered securities.

2. The List of top 20 stockholders of record as of June 30, 2014 is as stated hereunder:

	Name of Stockholder of Record	**No. of Shares**	%
1	The Wellex Group, Inc.	1,143,466,800	45.757
2	PCD Nominee Corporation (Filipino)	554,434,174	22.186
3	Silver Green Investments LTD	180,230,000	7.212
4.	Chesa Holdings, Inc.	175,924,000	7.040
5.	Tybalt Investment LTD	135,010,000	5.403
6.	PCD Nominee Corporation (Non-Filipino)	56,130,100	2.246
7.	Pacific Wide Realty Development Corp.	36,445,000	1.458
8.	Kenneth T. Gatchalian	30,000,100	1.200
9.	Rexlon T. Gatchalian	30,000,000	1.200
10.	Weslie T. Gatchalian	30,000,000	1.200
11.	Forum Holdings Corporation	20,626,000	0.825
12.	Primary Structures Corporation	16,212,500	0.649
13.	Pacific Rehouse Corporation	15,598,900	0.624
14.	Rexlon T. Gatchalian	14,740,000	0.590
15.	Metro Alliance Holdings & Equities, Inc.	14,370,000	0.575
16.	Mizpah, Holdings Inc.	10,489,200	0.420
17.	Elvira A. Ting	10,000,009	0.400
18.	Catalina Roxas Melendres	6,246, 000	0.250
19.	Manuel H. Osmena	1,400,000	0.056
20.	Rolando M. Lim	1,142,500	0.046

3. The common stock of the company is being traded currently in the Philippine Stock Exchange. On June 16, 1999, the Parent Company declared cash dividend of Php 0.02 per share on its Common Shares outstanding as of May 15, 1999. This amounted to Php 19.23 million. The Parent Company also declared a 10% stock dividend as of September 15, 1999 record date.

Company has not issue dividends since the year 2000. However, it promises to declare dividends once the deficit is offset and the market for the coming years proper.

There is no restriction made by the company with regards to the declaration of giving a dividend to stockholders.

4. Issuance and Exchange of Securities

In 2008, the Parent Company sold its investment in APHC totaling 4,900,000 shares at varying selling price through the PSE. Total proceeds from the sales transactions, net of related expenses and taxes, amounted to P 48.2 million. Gain on sale of APHC shares amounting to P10.1 million was recognized in the December 31, 2008 consolidated statements of operations. The total proceeds from the sale transaction amounting to P48.2 million, which was provided to TWGI s cash advances was recorded as receivable from TWGI and part of the "Due from related parties" account in the consolidated balance sheets (see Note 9). As of December 31, 2008, the Parent Company's equity interest in APHC decreased to 69% FROM 75% IN 2007.

Date of Sale and Title and Amount of Securities Sold	**Names of Underwriters of Identity to whom it May Sold**	**Share # of Swap**	**SEC FORM**
December 22, 2008 – Common-4,700,000	Not applicable	500,000 @ P9.40	10.1
June 19, 2008 – Common-20,000,000	Not applicable	2,000,000 @ P10.00	10.1
June 26, 2008 – Common-7,000,000	Not applicable	700,000 @ P10.00	10.1
June 30, 2008 – Common-7,610,000	Not applicable	761,000 @ P10.00	10.1
July 2, 2008 - Common – 9,390,000	Not applicable	9,390,000 @ P15.00	10.1

Corporate Governance

The following are the point-by-point compliance of the Company to the Manual:

The Company has a compliance officer in the name of Precilla O. Toriano as required by the Manual for Corporate Governance. Said Compliance Officer reported directly to the Chairman of the Board and in his absence, to the executives of the Company.

The Compliance Officer monitored the compliance regarding the provisions and requirements of the Corporate for Governance Manual.

The Compliance Officer is issuing this certification to the extent of compliance of the Company to this Manual.

The Compliance Officer has identified, monitor and controlled the compliance risks involved in the Company considering the large scope of its operations and the accounting procedures that have to be done correspondingly.

The Board of Directors has taken care of its responsibility to foster long-term success of the Corporation through its meeting every other month. Each meeting has been carefully recorded in minutes. The authority given to each Board member has been within the by-laws of the Company and within the limits of the law.

The Board of Directors has implemented a process of selection to ensure the combination of its directors and officers.

The Corporation through the Board and the Corporate Secretary has complied with all the relevant laws, regulations and codes of best business practices.

The Board of Directors has implemented the proper disclosure of information to its stockholders as exemplified in the General Information Statement sent to each of them.

According to Company's assessment, the directors have conducted fair business transactions with the Corporation, seen to it that personal interests did not prejudice their Board decisions, have devoted time and attention needed for the discharge of their duties and responsibilities, acted judiciously, exercised independent judgment, observed confidentiality, and ensured the continuing soundness, effectiveness and adequacy of the Corporation's internal control environment.

The Board has created committees, namely: the Nomination Committee, Compensation & Remuneration Committee, and the Audit Committee.
The Nomination Committee, composed of 3 voting directors (one is independent), is in charge of the screening of the candidates for a seat in the Board of Directors in accordance to the qualifications set in the Manual. Said Committee has also considered the disqualifications specifically enumerated.

The Compensation and Remuneration Committee is composed of three members, one of them is independent as provided for in the guidelines.

The Compensation and Remuneration Committee has made sure that the compensation of the key officers and executives of the Company was in line with the culture and policies of the Company.

The Compensation and Remuneration Committee has developed a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors and officers. The Committee has also developed a system regarding disclosure of all the incoming officers as to their business interests which might be in conflict with that of the Company. No director or officer has been allowed to decide on his own remuneration.

The Compensation and Remuneration Committee has provided annual reports, information and proxy statements on the disclosure of the compensation for the executives and officers of the Company.

The Audit Committee has been composed of three members, one of whom is independent. The said Committee has reviewed all financial reports against compliance with both the internal financial management policy and pertinent accounting standards. The Committee has also reviewed management policies on financial management, audit plans, interface with the internal and external auditors. The Committee has also developed a financial management system that ensured the integrity of internal control activities throughout the Company.

The Corporate Secretary of Waterfront Philippines, Inc. is Atty. Arthur R. Ponsaran, a Filipino citizen. He possesses the administrative and interpersonal skills. He is also a Certified Public Accountant. He gathered all documents with regard to the discharge of his duties and responsibilities, prepared board meeting notices, submitted through the SEC 17C the annual certification as to attendance of the directors during Board meetings.

The External Auditor for the year 2014 and 2013 is RG Manabat & Co., and was chosen by the Board and approved by the stockholders upon recommendations of the Audit Committee.
The Internal Auditor reporting directly to the Audit Committee provided reasonable assurance that the key organizational and procedural controls were effective, appropriate and complied.
The Manual for Corporate Governance has been made available to discerning stockholders during office hours of Waterfront Philippines, Inc.

The reports required for the Manual were prepared and submitted to the Commission.
All material information that could potentially affect shares were publicly disclosed in accordance with the rules of the Philippine Stock Exchange and the Commission. The Annual Reports were properly disseminated to the stockholders.

The stockholders were given the right to elect, remove and replace directors in accordance with the Corporation Code. Cumulative was used during the last annual stockholders' meeting. They were also provided the power of inspection of the corporate books and records including the minutes of the Board Meetings, without costs and restrictions.

Other Matters

The Compliance Officer was deemed to have reported grave violations of the Manual but since there was none, none was reported.

The Compliance Officer was deemed to have appeared before the Securities and Exchange Commission upon summons but since there was none, said Officer was not compelled to, or Waterfront Philippines, Inc. being a holding company and limited in terms of physical office space with only a few people holding key functions, it was enough that a few copies were available for inspection by all of its few employees.

The company did not issue any additional shares during the year to make use of the pre-emptive right for the stockholders.

The shareholders had been granted the right to propose the holding of a meeting, right to propose items in the agenda, but to date none has been communicated to the management of the Company regarding such proposals.

None so far has expressed to exercise his right to Appraisal in the last annual meeting of the stockholders.

The company has submitted its Revised Manual on Corporate Governance in accordance with SEC Memorandum Circular No. 6, series of 2009 “Revised Code of Corporate Governance.

Philippine Depository & Trust Corp.

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - WPI000000000 & Company Name - WATERFRONT PHIL., INC.

Business Date 06/30/2014

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
10100000000 5	A & A SECURITIES, INC. Rm. 1906 Ayala Ave. Condominium 6776 Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 810-54-01	Tax Identification Number 2	Domestic PHILIPPINES	1,055,700.00 PH10
10200000000 5	ABACUS SECURITIES CORPORATION Unit 2904-A East Tower, PSE Centre Exchange Road Ortigas Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 634-2105	Tax Identification Number 001-006-900	Domestic PHILIPPINES	53,778,900.00 PH10
10200000000 7	ABACUS SECURITIES CORPORATION Unit 2904-A East Tower, PSE Centre Exchange Road Ortigas Center Pasig City Metropolitan Manila 1600	Own 634-2105	Tax Identification Number 001-006-900	Domestic PHILIPPINES	1,172,944.00 NWT
10300000000 1	ACCORD CAPITAL EQUITIES CORPORATION Unit 1101 Orient Square Building Emerald Avenue Ortigas Center, Pasig City Metropolitan Manila 1600	Omnibus Without Client 687-5071 to 74	Tax Identification Number 213-831-103	Foreign PHILIPPINES	4,134,000.00 FMX1
10300000000 5	ACCORD CAPITAL EQUITIES CORPORATION Unit 1101 Orient Square Building Emerald Avenue Ortigas Center, Pasig City Metropolitan Manila 1600	Omnibus Without Client 687-5071 to 74	Tax Identification Number 213-831-103	Domestic PHILIPPINES	60,864,904.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
10300000000 7	ACCORD CAPITAL EQUITIES CORPORATION Unit 1101 Orient Square Building Emerald Avenue Ortigas Center, Pasig City Metropolitan Manila 1600	Own 687-5071 to 74	Tax Identification Number 213-831-103	Domestic PHILIPPINES	20,000.00 NWT
10400000000 5	A. T. DE CASTRO SECURITIES CORP. Suite 701, 7/F Ayala Tower I, Exchange Plaza, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 848-7160 to 65	Tax Identification Number 000-151-360-000	Domestic PHILIPPINES	34,000.00 PH10
10500000000 5	ALL ASIA SECURITIES MANAGEMENT CORP. All Asia Capital Center 105 Paseo de Roxas St. Makat City Metropolitan Manila 1200	Omnibus Without Client 818-3211	Tax Identification Number 6	Domestic PHILIPPINES	202,500.00 PH10
10600000000 5	ALPHA SECURITIES CORP. UNIT 3003, ONE CORPORATE CENTRE, 30TH FLOOR, JULIA VARGAS STREET, COR MERALC AVENUE STREET, ORTIGAS CENTER, PASIG CI Metropolitan Manila 1200	Omnibus Without Client 6546806	Tax Identification Number 000-155-035-000	Domestic PHILIPPINES	1,229,000.00 PH10
10900000000 6	BA SECURITIES, INC. Rm 401-403 CLMC Bldg, 256-259 EDSA Greenhills Mandaluyong City Metropolitan Manila 1550	Settlement 727-5374	Tax Identification Number 10	Domestic PHILIPPINES	888,300.00 NWT
10900000000 14	BA SECURITIES, INC. Rm 401-403 CLMC Bldg, 256-259 EDSA Greenhills Mandaluyong City Metropolitan Manila 1550	Settlement 727-5374	Tax Identification Number 10	Domestic PHILIPPINES	1,000.00 PH10
11000000000 5	ANGPING & ASSOCIATES SECURITIES, INC. Suites 2002/2004, The Peak, 107 Alfaro St., Salcedo Village, Makati City Metropolitan Manila 1227	Omnibus Without Client 8482915	Tax Identification Number 005-037-731-000	Domestic PHILIPPINES	15,492,700.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
11100000000 1	ANSALDO, GODINEZ & CO., INC. 340 Nueva St., Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 242-5127	Tax Identification Number 007-571-837-000	Foreign PHILIPPINES	2,050,000.00 FMX1
11100000000 5	ANSALDO, GODINEZ & CO., INC. 340 Nueva St., Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 242-5127	Tax Identification Number 007-571-837-000	Domestic PHILIPPINES	13,165,700.00 PH10
11200000000 2	AB CAPITAL SECURITIES, INC. 8/F Phinma Plaza 39 Plaza Drive, Rockwell Center Makati City Metropolitan Manila 1200	Settlement 814-5601	Tax Identification Number 13	Foreign PHILIPPINES	575,000.00 FMX1
11200000000 5	AB CAPITAL SECURITIES, INC. 8/F Phinma Plaza 39 Plaza Drive, Rockwell Center Makati City Metropolitan Manila 1200	Omnibus Without Client 814-5601	Tax Identification Number 13	Domestic PHILIPPINES	8,738,600.00 PH10
11200000000 6	AB CAPITAL SECURITIES, INC. 8/F Phinma Plaza 39 Plaza Drive, Rockwell Center Makati City Metropolitan Manila 1200	Settlement 814-5601	Tax Identification Number 13	Domestic PHILIPPINES	5,400,100.00 NWT
11500000000 1	SB EQUITIES,INC. 18/F, Security Bank Centre 6776 Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 8911037	Tax Identification Number 000-152-830-000	Foreign PHILIPPINES	460,000.00 FMX1
11500000000 2	SB EQUITIES,INC. 18/F, Security Bank Centre 6776 Ayala Avenue, Makati City Metropolitan Manila 1226	Settlement 8911037	Tax Identification Number 000-152-830-000	Foreign PHILIPPINES	240,000.00 FMX1
11500000000 5	SB EQUITIES,INC. 18/F, Security Bank Centre 6776 Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 8911037	Tax Identification Number 000-152-830-000	Domestic PHILIPPINES	5,177,800.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
11500000000 6	SB EQUITIES,INC. 18/F, Security Bank Centre 6776 Ayala Avenue, Makati City Metropolitan Manila 1226	Settlement 8911037	Tax Identification Number 000-152-830-000	Domestic PHILIPPINES	105,000.00 NWT
11600000000 5	ASIA PACIFIC CAPITAL EQUITIES & SECURITII CORP. 24/F Galleria Corporate Center EDSA corner Ortigas Avenue, Pasig City Metropolitan Manila 1605	Omnibus Without Client 6345621 to 26	Tax Identification Number 002-011-914-000	Domestic PHILIPPINES	821,900.00 PH10
11800000000 1	ASIASEC EQUITIES, INC. 8/F Chatham House 116 Valero cor. V.A. Rufino Sts Salcedo Village, Makati City 1227 Metropolitan Manila 1227	Omnibus Without Client 8937981	Tax Identification Number 000-154-961-000	Foreign PHILIPPINES	38,500.00 FMX1
11800000000 5	ASIASEC EQUITIES, INC. 8/F Chatham House 116 Valero cor. V.A. Rufino Sts Salcedo Village, Makati City 1227 Metropolitan Manila 1227	Omnibus Without Client 8937981	Tax Identification Number 000-154-961-000	Domestic PHILIPPINES	1,438,500.00 PH10
11900000000 5	ASTRA SECURITIES CORPORATION Units 1204-1205 Ayala Tower One Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1200	Omnibus Without Client 848-6421/27	Tax Identification Number 000-107-717-000	Domestic PHILIPPINES	5,000.00 PH10
12100000002 1	MACQUARIE CAPITAL SECURITIES (PHILIPPIN INC. 22F 6750 AYALA AVENUE BUILDING AYALA AVENUE MAKATI CITY Metropolitan Manila 1226	Client 857-0838	Tax Identification Number 385	Domestic PHILIPPINES	30,000.00 NWT
12200000000 5	BELSON SECURITIES, INC. 4th Floor Belson House 271 Edsa, Mandaluyong City Metropolitan Manila 1554	Omnibus Without Client 724-7586loc21	Tax Identification Number 000-154-219-000	Domestic PHILIPPINES	1,779,300.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
12200000000 7	BELSON SECURITIES, INC. 4th Floor Belson House 271 Edsa, Mandaluyong City Metropolitan Manila 1554	Own 724-7586loc21	Tax Identification Number 000-154-219-000	Domestic PHILIPPINES	100.00 NWT
12300000000 5	BENJAMIN CO CA & CO., INC. Rm. 301 Downtown Ctr Bldg., 516 Quintin Paredes St Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 6345186	Tax Identification Number 000-330-322-000	Domestic PHILIPPINES	103,000.00 PH10
12400000000 5	B. H. CHUA SECURITIES CORPORATION 872 G. Araneta Avenue, Quezon City Metropolitan Manila 1135	Omnibus Without Client 412-3444	Tax Identification Number 000-401-773	Domestic PHILIPPINES	3,157,500.00 PH10
12500000000 5	JAKA SECURITIES CORP. Unit 814, Ayala Tower I Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 8487123	Tax Identification Number 25	Domestic PHILIPPINES	8,659,500.00 PH10
12500000000 7	JAKA SECURITIES CORP. Unit 814, Ayala Tower I Ayala Ave., Makati City Metropolitan Manila 1226	Own 8487123	Tax Identification Number 25	Domestic PHILIPPINES	800,000.00 NWT
12600000000 1	BPI SECURITIES CORPORATION 8/F BPI Head Office Bldg., Ayala Ave.,cor.Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8196535	Tax Identification Number 000-109-309-000	Foreign PHILIPPINES	441,500.00 FMX1
12600000000 5	BPI SECURITIES CORPORATION 8/F BPI Head Office Bldg., Ayala Ave.,cor.Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8196535	Tax Identification Number 000-109-309-000	Domestic PHILIPPINES	21,021,754.00 PH10
12800000000 5	CAMPOS, LANUZA & COMPANY, INC. Unit 2003B East Tower, PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1605	Omnibus Without Client 634-6881/87	Tax Identification Number 000-155-524-000	Domestic PHILIPPINES	813,802.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
12800000000 7	CAMPOS, LANUZA & COMPANY, INC. Unit 2003B East Tower, PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1605	Own 634-6881/87	Tax Identification Number 000-155-524-000	Domestic PHILIPPINES	5,500.00 NWT
12900000000 5	SINCERE SECURITIES CORPORATION 1203-A East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City Metropolitan Manila 0	Omnibus Without Client 638-3549	Tax Identification Number 000-338-426-000	Domestic PHILIPPINES	486,000.00 PH10
13100000000 5	PCIB SECURITIES, INC. 8/F PCIB Tower 2, Dela Costa St., Makati City Metropolitan Manila 1002	Omnibus Without Client 8912028	Tax Identification Number 30	Domestic PHILIPPINES	1,745,600.00 PH10
13100000000 18	PCIB SECURITIES, INC. 8/F PCIB Tower 2, Dela Costa St., Makati City Metropolitan Manila 1002	Settlement 8912028	Tax Identification Number 30	Foreign PHILIPPINES	30,000.00 RA10
13300000000 5	CITISECURITIES, INC. Rm. 2701-B Tektite Tower Center Exchange Rd, Pasi; City Metropolitan Manila 1600	Omnibus Without Client 635-5735	Tax Identification Number 000-322-268-000	Domestic PHILIPPINES	2,684,850.00 PH10
13600000000 5	TRITON SECURITIES CORP. 26/F LKG Tower, 6801 Ayala Avenue Makati City Metropolitan Manila 0	Omnibus Without Client 5238311	Tax Identification Number 003-741-374	Domestic PHILIPPINES	1,268,450.00 PH10
13600000000 18	TRITON SECURITIES CORP. 26/F LKG Tower, 6801 Ayala Avenue Makati City Metropolitan Manila 0	Settlement 5238311	Tax Identification Number 003-741-374	Foreign PHILIPPINES	966,000.00 RA10
14000000000 5	IGC SECURITIES INC. Suite 1006, Tower I & Exchange Plaza Ayala Triangle Ayala Avenue Makati City Metropolitan Manila 1200	Omnibus Without Client 816-39-86	Tax Identification Number 38	Domestic PHILIPPINES	2,695,000.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
14100000000 5	CUALOPING SECURITIES CORPORATION Suite 1801 Tytana Centre Condominium Plaza Lorenz Ruiz, Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-0262	Tax Identification Number 000-333-333-000	Domestic PHILIPPINES	209,500.00 PH10
14200000000 14	DBP-DAIWA CAPITAL MARKETS PHILPPINES, INC. 18/F Citibank Tower 8741 Paseo de Roxas Makati Cit Metropolitan Manila 1200	Settlement 813-73-44	Tax Identification Number 004-663-955-000	Domestic PHILIPPINES	2,200.00 PH10
14300000000 5	DAVID GO SECURITIES CORP. Rm. 309 Federation Center Bldg. Muelle de Binondo, Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-2379	Tax Identification Number 000-320-855-000	Domestic PHILIPPINES	4,217,000.00 PH10
14500000000 2	DIVERSIFIED SECURITIES, INC. 5/F PDCP Bank Centre, Herrera cor. Alfaro Sts., Salcedo Village, Makati City Metropolitan Manila 1600	Settlement 634-6630/31	Tax Identification Number 43	Foreign PHILIPPINES	52,000.00 FMX1
14500000000 5	DIVERSIFIED SECURITIES, INC. 5/F PDCP Bank Centre, Herrera cor. Alfaro Sts., Salcedo Village, Makati City Metropolitan Manila 1600	Omnibus Without Client 634-6630/31	Tax Identification Number 43	Domestic PHILIPPINES	522,800.00 PH10
14700000000 5	E. CHUA CHIACO SECURITIES, INC. 113 Renta St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-5145	Tax Identification Number 000-335-991-000	Domestic PHILIPPINES	6,532,700.00 PH10
14700000000 18	E. CHUA CHIACO SECURITIES, INC. 113 Renta St., Binondo, Manila Metropolitan Manila 1006	Settlement 242-5145	Tax Identification Number 000-335-991-000	Foreign PHILIPPINES	15,500.00 RA10
14800000000 5	EQUITABLE SECURIITES (PHILS.) INC. 3/F Cacho-Gonzalez Bldg, Aguirre cor. Trasierra St, Legaspi Village Makati City Metropolitan Manila 1229	Omnibus Without Client 810-4801/04	Tax Identification Number 46	Domestic PHILIPPINES	27,200.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
14900000000 7	EAST WEST CAPITAL CORPORATION 2/F U-Bix Building 1331 Angono St., Makati City Metropolitan Manila 1208	Own 891-98901	Tax Identification Number 47	Domestic PHILIPPINES	400,000.00 NWT
15000000000 5	EASTERN SECURITIES DEVELOPMENT CORPORATION 1701 Tytana Ctr. Bldg, Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-4006/11	Tax Identification Number 000-329-281-000	Domestic PHILIPPINES	2,732,700.00 PH10
15300000000 5	EQUITIWORLD SECURITIES, INC. 807-809 Philippine Stock Exchange Ayala Tower 1, Ayala Avenue Makati City Metropolitan Manila 1226	Omnibus Without Client 848-5401/09	Tax Identification Number 51	Domestic PHILIPPINES	432,300.00 PH10
15400000000 5	EVERGREEN STOCK BROKERAGE & SEC., INC. Suite 606 - 607, 6th Floor, Tower One Phil. Stock Exchange Plaza, Ayala Triangle, Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 891-9451	Tax Identification Number 001-483-985	Domestic PHILIPPINES	6,410,300.00 PH10
15400000000 6	EVERGREEN STOCK BROKERAGE & SEC., INC. Suite 606 - 607, 6th Floor, Tower One Phil. Stock Exchange Plaza, Ayala Triangle, Ayala Ave. Makati City Metropolitan Manila 1200	Settlement 891-9451	Tax Identification Number 001-483-985	Domestic PHILIPPINES	66,000.00 NWT
15400000000 7	EVERGREEN STOCK BROKERAGE & SEC., INC. Suite 606 - 607, 6th Floor, Tower One Phil. Stock Exchange Plaza, Ayala Triangle, Ayala Ave. Makati City Metropolitan Manila 1200	Own 891-9451	Tax Identification Number 001-483-985	Domestic PHILIPPINES	9,698.00 NWT
15700000000 5	FIRST ORIENT SECURITIES, INC. Unit 1201 Ayala Triangle Tower One Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 891-9240/45	Tax Identification Number 55	Domestic PHILIPPINES	1,335,100.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
15700000000 7	FIRST ORIENT SECURITIES, INC. Unit 1201 Ayala Triangle Tower One Ayala Avenue, Makati City Metropolitan Manila 1226	Own 891-9240/45	Tax Identification Number 55	Domestic PHILIPPINES	600.00 NWT
15900000000 5	FIRST INTEGRATED CAPITAL SECURITIES, INC Units 1211-1212 Tower I & Exchange Plaza, Ayala Ave. Cor. Paseo de Roxas, Makati City Metropolitan Manila 1200	Omnibus Without Client 759-4320 to 23	Tax Identification Number 57	Domestic PHILIPPINES	44,100.00 PH10
16100000000 5	FRANCISCO ORTIGAS SECURITIES, INC. 10/F Ortigas Bldg. Ortigas Ave, Pasig City Metropolitan Manila 1600	Omnibus Without Client 631-26-74	Tax Identification Number 000-283-304	Domestic PHILIPPINES	179,300.00 PH10
16200000000 1	F. YAP SECURITIES, INC. Unit 2301 PSE Center (East Tower) Exchange Rd., Ortigas Center Pasig City Metropolitan Manila 1603	Omnibus Without Client 635-4126	Tax Identification Number 000-333-165-000	Foreign PHILIPPINES	150,000.00 FMX1
16200000000 5	F. YAP SECURITIES, INC. Unit 2301 PSE Center (East Tower) Exchange Rd., Ortigas Center Pasig City Metropolitan Manila 1603	Omnibus Without Client 635-4126	Tax Identification Number 000-333-165-000	Domestic PHILIPPINES	1,059,000.00 PH10
16700000000 1	AURORA SECURITIES, INC. UNIT 2405A WEST TOWER PHILIPPINE STOCK EXCHANGE CENTRE ORTIGAS, PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 633-5892	Tax Identification Number 002-832-240	Foreign PHILIPPINES	11,000.00 FMX1
16700000000 5	AURORA SECURITIES, INC. UNIT 2405A WEST TOWER PHILIPPINE STOCK EXCHANGE CENTRE ORTIGAS, PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 633-5892	Tax Identification Number 002-832-240	Domestic PHILIPPINES	829,700.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
16800000000 5	GLOBALINKS SECURITIES & STOCKS, INC. # 706 Ayala Tower One Ayala Avenue Cor. Paseo de Roxas St. Makati City Metropolitan Manila 1226	Omnibus Without Client 759-4136	Tax Identification Number 65	Domestic PHILIPPINES	1,714,500.00 PH10
16800000000 7	GLOBALINKS SECURITIES & STOCKS, INC. # 706 Ayala Tower One Ayala Avenue Cor. Paseo de Roxas St. Makati City Metropolitan Manila 1226	Own 759-4136	Tax Identification Number 65	Domestic PHILIPPINES	11,900.00 NWT
16900000000 5	JSG SECURITIES, INC. 4th Floor, A&T Building, 244 Escolta Street, Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 2429414	Tax Identification Number 004-578-852-000	Domestic PHILIPPINES	531,650.00 PH10
17000000000 5	GOLDSTAR SECURITIES, INC. 2201-B East Tower, PSE Centre Exchange Rd, Ortiga Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 633-7485/86	Tax Identification Number 000-222-746-000	Domestic PHILIPPINES	204,000.00 PH10
17000000000 14	GOLDSTAR SECURITIES, INC. 2201-B East Tower, PSE Centre Exchange Rd, Ortiga Center Pasig City Metropolitan Manila 1600	Settlement 633-7485/86	Tax Identification Number 000-222-746-000	Domestic PHILIPPINES	461,300.00 PH10
17200000000 5	GUILD SECURITIES, INC. Unit 1215 Tower One & Exchange Plaza Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 8919232	Tax Identification Number 69	Domestic PHILIPPINES	186,100.00 PH10
17400000000 1	HDI SECURITIES, INC. UNIT 2305-B 23/F ORIENT SQUARE BLDG., F. ORTIGAS, JR. ROAD, ORTIGAS CENTRE, PASIG CITY, 1605 Metropolitan Manila 1605	Omnibus Without Client 891-9598	Tax Identification Number 001-670-271-000	Foreign PHILIPPINES	350,000.00 FMX1

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
17400000000 5	HDI SECURITIES, INC. UNIT 2305-B 23/F ORIENT SQUARE BLDG., F. ORTIGAS, JR. ROAD, ORTIGAS CENTRE, PASIG CITY, 1605 Metropolitan Manila 1605	Omnibus Without Client 891-9598	Tax Identification Number 001-670-271-000	Domestic PHILIPPINES	7,764,300.00 PH10
17500000000 7	H. E. BENNETT SECURITIES, INC. Rm. 1704 World Trade Exchange Bldg., 215 Juan Lur St., Binondo, Manila Metropolitan Manila 1006	Own 242-5733	Tax Identification Number 000-334-004	Domestic PHILIPPINES	7,700.00 NWT
17800000000 5	HK SECURITIES, INC. Suite 102 Columbia Tower, Ortigas Ave., Mandaluyong City Metropolitan Manila 1600	Omnibus Without Client 6336991 to 96	Tax Identification Number 75	Domestic PHILIPPINES	9,100.00 PH10
17900000000 5	I. ACKERMAN & CO., INC. Suite 705, Tower I Bldg. PSE Plaza, Ayala Triangle Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 891-9071	Tax Identification Number 76	Domestic PHILIPPINES	3,155,500.00 PH10
18000000000 5	I. B. GIMENEZ SECURITIES, INC. 2703A EAST TOWER PSE CENTRE, EXCHANGE ROAD, ORTIGAS CENTRE, PASIG CITY Metropolitan Manila 1600	Omnibus Without Client 6673472-6673473	Tax Identification Number 000-329-846-000	Domestic PHILIPPINES	534,197.00 PH10
18100000000 1	INVESTORS SECURITIES, INC, Unit 604-605 Tower One & Exchange Plaza Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1200	Omnibus Without Client 8431210	Tax Identification Number 000-123-697-000	Foreign PHILIPPINES	2,000.00 FMX1
18100000000 5	INVESTORS SECURITIES, INC, Unit 604-605 Tower One & Exchange Plaza Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1200	Omnibus Without Client 8431210	Tax Identification Number 000-123-697-000	Domestic PHILIPPINES	1,423,600.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
18100000000 7	INVESTORS SECURITIES, INC, Unit 604-605 Tower One & Exchange Plaza Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1200	Own 8431210	Tax Identification Number 000-123-697-000	Domestic PHILIPPINES	4,000.00 NWT
18200000000 5	IMPERIAL,DE GUZMAN,ABALOS & CO.,INC. Ground Floor, EDSA Central Square Shaw Boulevard Mandaluyong City Metropolitan Manila 1552	Omnibus Without Client 6332686	Tax Identification Number 000-121-920	Domestic PHILIPPINES	348,800.00 PH10
18300000000 5	INTRA-INVEST SECURITIES, INC. 11/F ACT Tower, 135 Sen. Gil Puyat Ave., Salcedo Vill., Makati City Metropolitan Manila 1200	Omnibus Without Client 8106934	Tax Identification Number 000-162-545-000	Domestic PHILIPPINES	311,400.00 PH10
18700000000 5	ASIAN CAPITAL EQUITIES, INC. 6/F Tower 1 & Exchange Plaza Ayala Ave., cor Paseo de Roxas, Makati City Metropolitan Manila 1226	Omnibus Without Client 8485126	Tax Identification Number 84	Domestic PHILIPPINES	56,100.00 PH10
18800000000 5	J.M. BARCELON & CO., INC. #5 PENNSYLVANNIA STREET, BRGY. MARIAN NEW MANILA, QUEZON CITY Metropolitan Manila 1100	Omnibus Without Client 661-8396	Tax Identification Number 000-333-850	Domestic PHILIPPINES	264,000.00 PH10
18800000000 6	J.M. BARCELON & CO., INC. #5 PENNSYLVANNIA STREET, BRGY. MARIAN NEW MANILA, QUEZON CITY Metropolitan Manila 1100	Settlement 661-8396	Tax Identification Number 000-333-850	Domestic PHILIPPINES	33,000.00 NWT
19200000000 2	STRATEGIC EQUITIES CORP. Unit 610-611 PSE Plaza, Tower I, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Settlement 759-4055	Tax Identification Number 89	Foreign PHILIPPINES	933,900.00 FMX1

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
19200000000 6	STRATEGIC EQUITIES CORP. Unit 610-611 PSE Plaza, Tower I, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Settlement 759-4055	Tax Identification Number 89	Domestic PHILIPPINES	7,200.00 NWT
19200000000 14	STRATEGIC EQUITIES CORP. Unit 610-611 PSE Plaza, Tower I, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226	Settlement 759-4055	Tax Identification Number 89	Domestic PHILIPPINES	156,800.00 PH10
19300000000 5	LARRGO SECURITIES CO., INC. Rm. 202 2/F Rufino Building, Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 8101353	Tax Identification Number 90	Domestic PHILIPPINES	172,000.00 PH10
19500000000 6	LITONJUA SECURITIES, INC. No. 444 T.M. Kalaw Ermita, Manila Metropolitan Manila 1004	Settlement 521-1951/57	Tax Identification Number 92	Domestic PHILIPPINES	7,500.00 NWT
19700000000 5	LOPEZ, LOCSIN, LEDESMA & CO., INC. 405 URBAN BUILDING, SEN. GIL. PUYAT AVEN MAKATI CITY Metropolitan Manila 1226	Omnibus Without Client 8127482	Tax Identification Number 321-000-128-692	Domestic PHILIPPINES	3,300.00 PH10
19800000000 5	LUCKY SECURITIES, INC. Unit 1402-B PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 6346747/60	Tax Identification Number 95	Domestic PHILIPPINES	598,500.00 NWT
19900000000 5	LUYS SECURITIES COMPANY, INC. 28/F LKG Tower 6801 Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 5231040	Tax Identification Number 96	Domestic PHILIPPINES	15,500.00 PH10
20000000000 5	MANDARIN SECURITIES CORPORATION 28/F LKG Tower 6801 Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 523-8311/16	Tax Identification Number 97	Domestic PHILIPPINES	11,842,200.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
20000000002 1	R&B INSURANCE CORPORATION 28F LKG TOWER, AYALA AVENUE, MAKATI CI Metropolitan Manila	Client 8841155	Commercial Registration Number 15346	Domestic PHILIPPINES	50,000.00 NWT
20300000000 1	COL Financial Group, Inc. 2401-B EAST TOWER, PSE CENTRE EXCHANGE ROAD, ORTIGAS CENTER PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 635-5735	Tax Identification Number 203-523-208	Foreign PHILIPPINES	1,014,000.00 FMX1
20300000000 5	COL Financial Group, Inc. 2401-B EAST TOWER, PSE CENTRE EXCHANGE ROAD, ORTIGAS CENTER PASIG CITY Metropolitan Manila 1605	Omnibus Without Client 635-5735	Tax Identification Number 203-523-208	Domestic PHILIPPINES	57,621,901.00 PH10
20400000000 14	DA MARKET SECURITIES, INC. Unit 2402-B West Tower, PSE Center Exchange Roac Ortigas Center Pasig City Metropolitan Manila 1600	Settlement 637-42-42	Tax Identification Number 101	Domestic PHILIPPINES	1,224,200.00 PH10
20500000000 5	MERCANTILE SECURITIES CORP. 3RD FLOOR GOODWILL BUILDING 393 SE. GIL PUYAT AVENUE MAKATI CITY Metropolitan Manila 1226	Omnibus Without Client 898-2984	Tax Identification Number 000-161-457-000	Domestic PHILIPPINES	828,800.00 PH10
20600000000 5	MERIDIAN SECURITIES, INC. Suite 2702B&C Tektite Tower I Ortigas Centre, Pasig City Metropolitan Manila 1600	Omnibus Without Client 634-6931/36	Tax Identification Number 000-338-748-000	Domestic PHILIPPINES	866,900.00 PH10
20800000000 5	MDR SECURITIES, INC. Unit 1806, 8/F Medical Plaza Ortigas Bldg., Pasig Cit Metropolitan Manila 1226	Omnibus Without Client 891-9225	Tax Identification Number 105	Domestic PHILIPPINES	117,600.00 PH10
20900000000 4	DEUTSCHE REGIS PARTNERS, INC. 23/F Tower I, Ayala Triangle, Makati City Metropolitan Manila 1226	Settlement 894-6620	Tax Identification Number 106	Foreign PHILIPPINES	5,300.00 RA02

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20900000000 14	DEUTSCHE REGIS PARTNERS, INC. 23/F Tower I, Ayala Triangle, Makati City Metropolitan Manila 1226	Settlement 894-6620	Tax Identification Number 106	Domestic PHILIPPINES	66,000.00 PH10
20900000010 1	DEUTSCHE REGIS PARTNERS, INC. 23/F Tower I, Ayala Triangle, Makati City Metropolitan Manila 1226	Client 894-6620	Tax Identification Number 485	Foreign PHILIPPINES	1,600,000.00 FTXN
21000000000 5	MOUNT PEAK SECURITIES, INC. #748 C.K. Bldg., Juan Luna St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-8043	Tax Identification Number 000-321-831-000	Domestic PHILIPPINES	316,000.00 PH10
21100000000 5	NEW WORLD SECURITIES CO., INC. 215 JUAN LUNA STREET, UNIT 2608 WORLD TRADE EXCHANGE BLDG., BINONDO, MANILA Metropolitan Manila 1006	Omnibus Without Client 2421767	Tax Identification Number 000-327-414-000	Domestic PHILIPPINES	1,971,000.00 PH10
21300000000 5	NIEVES SECURITIES, INC. UNIT 106, G/F TYTANA PLAZA V. TYTANA COR INSULAR STS. PLAZA LORENZO RUIZ, BINOND MANILA CITY Metropolitan Manila 1006	Omnibus Without Client 4777888	Tax Identification Number 000-333-999-000	Domestic PHILIPPINES	220,000.00 PH10
21500000000 5	OPTIMUM SECURITIES CORPORATION No. 11 E. O. Bldg., United St. cor. 2nd St. Bo. Kapitolyo, Pasig City Metropolitan Manila 1650	Omnibus Without Client 631-7831/36	Tax Identification Number 112	Domestic PHILIPPINES	389,150.00 PH10
21700000000 5	RCBC SECURITIES, INC. Unit 1008 Tower I & Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 8485183	Tax Identification Number 000-165-644-000	Domestic PHILIPPINES	796,300.00 PH10
21800000000 5	PAN ASIA SECURITIES CORP. 910 Tower One & Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 8919173	Tax Identification Number 000-135-142	Domestic PHILIPPINES	92,500.00 PH10

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21900000000 5	PAPA SECURITIES CORPORATION 6/F, S & L Building Dela Rosa cor. Esteban Sts. Legaspi Village, Makati City Metropolitan Manila 1200	Omnibus Without Client 817-8433	Tax Identification Number 000-215-520	Domestic PHILIPPINES	5,322,200.00 PH10
22000000000 2	MAYBANK ATR KIM ENG SECURITIES, INC. 17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 849-8855	Tax Identification Number 000-168-671-000	Foreign PHILIPPINES	6,933,500.00 FMX1
22000000000 6	MAYBANK ATR KIM ENG SECURITIES, INC. 17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 849-8855	Tax Identification Number 000-168-671-000	Domestic PHILIPPINES	7,705,700.00 NWT
22000000000 14	MAYBANK ATR KIM ENG SECURITIES, INC. 17/F Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 849-8855	Tax Identification Number 000-168-671-000	Domestic PHILIPPINES	2,065,450.00 PH10
22300000000 5	PLATINUM SECURITIES, INC. Unit 801, Antel Corporate Ctr., 121 Valero St., Salced Village Makati City Metropolitan Manila 1200	Omnibus Without Client 887-11-78	Tax Identification Number 000-532-022	Domestic PHILIPPINES	178,000.00 PH10
22400000000 1	PNB SECURITIES, INC. 3/F PNB Financial Center Roxas Blvd., Pasay City Metropolitan Manila 1300	Omnibus Without Client 526-3466	Tax Identification Number 000-198-201-000	Foreign PHILIPPINES	700,000.00 FMX1
22400000000 5	PNB SECURITIES, INC. 3/F PNB Financial Center Roxas Blvd., Pasay City Metropolitan Manila 1300	Omnibus Without Client 526-3466	Tax Identification Number 000-198-201-000	Domestic PHILIPPINES	5,097,260.00 PH10
22500000000 5	PREMIUM SECURITIES, INC. Unit 1415, Tower 1 & Exchange Plaza Ayala Avenue cor. Paseo de Roxas Makati City Metropolitan Manila 1259	Omnibus Without Client 848-5915/17	Tax Identification Number 121	Domestic PHILIPPINES	2,077,800.00 PH10

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22800000000 5	PRYCE SECURITIES, INC. 15/F PRYCE CENTER BUILDING, 1179 CHINO R(AVENUE BAGTIKAN, MAKATI CITY Metropolitan Manila 1226	Omnibus Without Client 816-2426/27	Tax Identification Number 124	Domestic PHILIPPINES	12,366.00 PH10
22900000000 5	SALISBURY BKT SECURITIES CORPORATION Unit 207 Cityland Condominium 10 - Tower 2 6817 H.V. De La Costa St. cor. Ayala Ave. Makati City Metropolitan Manila 1200	Omnibus Without Client 892-88-34	Tax Identification Number 000-598-559-000	Domestic PHILIPPINES	15,300.00 PH10
23000000000 1	QUALITY INVESTMENTS & SECURITIES CORPORATION Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 241-0547	Tax Identification Number 000-333-614-000	Foreign PHILIPPINES	910,000.00 FMX1
23000000000 5	QUALITY INVESTMENTS & SECURITIES CORPORATION Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Omnibus Without Client 241-0547	Tax Identification Number 000-333-614-000	Domestic PHILIPPINES	12,559,800.00 PH10
23000000000 7	QUALITY INVESTMENTS & SECURITIES CORPORATION Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Own 241-0547	Tax Identification Number 000-333-614-000	Domestic PHILIPPINES	173,000.00 NWT
23000000001 1	Asia Insurance (Philippines) Corporation Suite 1602 Tytana Plaza Oriente St, Binondo Manila Metropolitan Manila 1006	Client	Tax Identification Number 530	Domestic PHILIPPINES	31,000.00 NWT
23100000000 5	R & L INVESTMENTS, INC. 675 Lee St., Mandaluyong City Metropolitan Manila 1501	Omnibus Without Client 7247210/705207	Tax Identification Number 127	Domestic PHILIPPINES	336,000.00 PH10

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23300000000 5	R. COYIUTO SECURITIES, INC. 5/F Corinthian Plaza, Paseo de Roxas, Legaspi Village Makati City Metropolitan Manila 0	Omnibus Without Client 811-3064	Tax Identification Number 000-329-417	Domestic PHILIPPINES	4,852,100.00 PH10
23500000000 5	REGINA CAPITAL DEVELOPMENT CORPORATI Unit 806 Tower 1 & Exchange Plaza Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Omnibus Without Client 848-5482/84	Tax Identification Number 131	Domestic PHILIPPINES	4,025,332.00 PH10
23500000000 6	REGINA CAPITAL DEVELOPMENT CORPORATI Unit 806 Tower 1 & Exchange Plaza Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226	Settlement 848-5482/84	Tax Identification Number 131	Domestic PHILIPPINES	205,000.00 NWT
23600000000 5	R. NUBLA SECURITIES, INC. Room 604, Fil-Am Resources Bldg., 231 Juan Luna S Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-1596	Tax Identification Number 132	Domestic PHILIPPINES	4,237,100.00 PH10
23700000000 5	AAA SOUTHEAST EQUITIES, INCORPORATED Ground Floor, Fortune Life Building #162 Legaspi St. Legaspi Village Makati City Metropolitan Manila 1229	Omnibus Without Client 816-2918	Tax Identification Number 000-141-894-000	Domestic PHILIPPINES	2,074,300.00 PH10
23700000002 1	FORTUNE GENERAL INSURANCE CORPORATI(4TH/F CITYSTATE CENTRE, 709 SHAW BOULEVARD, PASIG CITY Metropolitan Manila 1600	Client 706-3959	Tax Identification Number 220.	Domestic PHILIPPINES	192,500.00 NWT
23800000000 5	R. S. LIM & CO., INC. 1509 Galvani Street San Isidro, Makati City Metropolitan Manila 1234	Omnibus Without Client 8919670	Tax Identification Number 000-333-915-000	Domestic PHILIPPINES	1,261,400.00 PH10

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23900000000 5	RTG & COMPANY, INC. Unit 602 Tower 1 & Exchange Plaza Ayala Triangle, Makati City Metropolitan Manila 1200	Omnibus Without Client 8919482	Tax Identification Number 000-165-637-000	Domestic PHILIPPINES	486,100.00 PH10
24000000000 5	S.J. ROXAS & CO., INC. Unit 612 Tower One,& Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City Metropolitan Manila 0	Omnibus Without Client 848-5065	Tax Identification Number 136	Domestic PHILIPPINES	554,500.00 PH10
24000000002 1	S.J. ROXAS & CO.,INC. Unit 612 Tower One, Ayala Triangle, Ayala Avenue, Makati City Metropolitan Manila 0	Client 8485065 TO 69	Tax Identification Number 546	Domestic PHILIPPINES	18,000.00 NWT
24200000000 5	SECURITIES SPECIALISTS, INC. Unit 903 National Life Insurance Building, 6762 Ayala Avenue, Makati City Metropolitan Manila 1000	Omnibus Without Client 523-5595	Tax Identification Number 138	Domestic PHILIPPINES	2,200.00 PH10
24300000000 5	FIDELITY SECURITIES, INC. 2103-B PSE Centre, Exchange Road, Ortigas, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6345038	Tax Identification Number 002-836-391-000	Domestic PHILIPPINES	44,500.00 PH10
24600000000 5	SUMMIT SECURITIES, INC. Unit 2102 B/C PSE Center Tektite Tower East Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 6311032 to 37	Tax Identification Number 000-338-985-000	Domestic PHILIPPINES	3,657,300.00 PH10
24700000000 5	STANDARD SECURITIES CORPORATION #34 Jefferson St., GHW, San Juan Metro Manila Metropolitan Manila 00	Omnibus Without Client 8486149	Tax Identification Number 000-333-108	Domestic PHILIPPINES	9,151,800.00 PH10

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24900000000 5	SUPREME STOCKBROKERS, INC UNIT G. GARDEN LEVEL, CORINTHIAN PLAZA PASEO DE ROXAS AVENUE, LEGASPI VILLAGE MAKATI CITY Metropolitan Manila 1226	Omnibus Without Client 5764384	Tax Identification Number 000-166-867-000	Domestic PHILIPPINES	45,350.00 PH10
25100000000 5	TANSENGCO & CO., INC. U-2308 World Trade Exchange Condominium 215 Jua Luna St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-7155	Tax Identification Number 146	Domestic PHILIPPINES	1,323,200.00 PH10
25200000000 5	THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP. Rms. 801-802, PSE Tower 1 Ayala Ave., cor. Paseo d Roxas,Ayala Triangle, Makati City Metropolitan Manila 1200	Omnibus Without Client 8486311 to 18	Tax Identification Number 000-149-028-000	Domestic PHILIPPINES	369,700.00 PH10
25300000000 5	TOWER SECURITIES, INC. 1802-C Tektite Tower I Exchange Road, Ortigas Cent Pasig City Metropolitan Manila 1600	Omnibus Without Client 6354448	Tax Identification Number 148	Domestic PHILIPPINES	9,813,100.00 PH10
25300000000 6	TOWER SECURITIES, INC. 1802-C Tektite Tower I Exchange Road, Ortigas Cent Pasig City Metropolitan Manila 1600	Settlement 6354448	Tax Identification Number 148	Domestic PHILIPPINES	1,800,000.00 NWT
25400000000 5	TRANS-ASIA SECURITIES, INC. Rm. 601-S, State Centre 333 Juan Luna St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 242-28-23	Tax Identification Number 149	Domestic PHILIPPINES	105,500.00 PH10
25400000000 7	TRANS-ASIA SECURITIES, INC. Rm. 601-S, State Centre 333 Juan Luna St., Binondo, Manila Metropolitan Manila 1006	Own 242-28-23	Tax Identification Number 149	Domestic PHILIPPINES	100,000.00 NWT

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25500000000 5	APEX PHILIPPINES EQUITIES CORPORATION Unit 902, Antel Corporate Center, No. 139 Valero St., Salcedo Vill., Makati City Metropolitan Manila 1227	Omnibus Without Client 527-1555	Tax Identification Number 150	Domestic PHILIPPINES	5,000.00 PH10
25600000000 5	TRENDLINE SECURITIES CORPORATION Rm. 503 Tytana Plaza Lorenzo Ruiz St., Binondo, Manila Metropolitan Manila 1006	Omnibus Without Client 241-0387	Tax Identification Number 151	Domestic PHILIPPINES	11,200.00 PH10
25700000000 5	TRI-STATE SECURITIES, INC. Unit 1007, 10/F Ayala Triangle Tower I, Ayala Avenue, Makati City Metropolitan Manila 1226	Omnibus Without Client 8485042	Tax Identification Number 000-704-920-000	Domestic PHILIPPINES	55,500.00 PH10
25900000000 5	UCPB SECURITIES, INC. Suite 1612, 16/F Ayala Tower I Exchange Plaza, Ayal Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8485678	Tax Identification Number 154	Domestic PHILIPPINES	2,686,200.00 PH10
25900000000 6	UCPB SECURITIES, INC. Suite 1612, 16/F Ayala Tower I Exchange Plaza, Ayal Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 8485678	Tax Identification Number 154	Domestic PHILIPPINES	100,000.00 NWT
26100000004 1	E.SECURITIES, INC. ITF VARIOUS CLIENTS 11/F Exportbank Plaza Chino Roces cor Sen. Gil J. Puyat Ave, Makati City Metropolitan Manila 1251	Client	Tax Identification Number 560	Domestic PHILIPPINES	3,300.00 PH10
26300000000 5	VENTURE SECURITIES, INC. Unit 811 Tower One & Exchange Plaza Ayala Triangl Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 8486505	Tax Identification Number 158	Domestic PHILIPPINES	126,500.00 PH10

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26300000000 6	VENTURE SECURITIES, INC. Unit 811 Tower One & Exchange Plaza Ayala Triangl Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 8486505	Tax Identification Number 158	Domestic PHILIPPINES	20,400.00 NWT
26600000000 5	VICSAL SECURITIES & STOCK BROKERAGE, IN 658 C. Palanca St., Quiapo,Manila Metropolitan Manila 1001	Omnibus Without Client 7349771	Tax Identification Number 000-089-167-000	Domestic PHILIPPINES	6,511,000.00 PH10
26700000000 1	FIRST METRO SECURITIES BROKERAGE CORP Unit 1515, 15/F Ayala Tower One Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 759-4133/34	Tax Identification Number 003-458-062-000	Foreign PHILIPPINES	50,000.00 FMX1
26700000000 2	FIRST METRO SECURITIES BROKERAGE CORP Unit 1515, 15/F Ayala Tower One Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 759-4133/34	Tax Identification Number 003-458-062-000	Foreign PHILIPPINES	110,000.00 FMX1
26700000000 5	FIRST METRO SECURITIES BROKERAGE CORP Unit 1515, 15/F Ayala Tower One Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1226	Omnibus Without Client 759-4133/34	Tax Identification Number 003-458-062-000	Domestic PHILIPPINES	500.00 PH10
26700000000 6	FIRST METRO SECURITIES BROKERAGE CORP Unit 1515, 15/F Ayala Tower One Ayala Triangle, Ayala Ave. cor Paseo de Roxas Makati City Metropolitan Manila 1226	Settlement 759-4133/34	Tax Identification Number 003-458-062-000	Domestic PHILIPPINES	14,056,000.00 NWT
26900000000 5	WEALTH SECURITIES, INC. 2103 PSE Centre, Exchange Road Ortigas Centre, Pas City Metropolitan Manila 1600	Omnibus Without Client 634-5038	Tax Identification Number 000-330-678	Domestic PHILIPPINES	10,020,950.00 PH10

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26900000000 7	WEALTH SECURITIES, INC. 2103 PSE Centre, Exchange Road Ortigas Centre, Pas City Metropolitan Manila 1600	Own 634-5038	Tax Identification Number 000-330-678	Domestic PHILIPPINES	5,750.00 NWT
27000000000 1	WESTLINK GLOBAL EQUITIES, INC. 6/F Philippine Stock Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 848-6231	Tax Identification Number 000-334-828	Foreign PHILIPPINES	2,130,000.00 FMX1
27000000000 5	WESTLINK GLOBAL EQUITIES, INC. 6/F Philippine Stock Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Omnibus Without Client 848-6231	Tax Identification Number 000-334-828	Domestic PHILIPPINES	74,515,540.00 PH10
27000000000 6	WESTLINK GLOBAL EQUITIES, INC. 6/F Philippine Stock Exchange Plaza Ayala Avenue, Makati City Metropolitan Manila 1200	Settlement 848-6231	Tax Identification Number 000-334-828	Domestic PHILIPPINES	15,478,000.00 NWT
27200000000 1	BERNAD SECURITIES, INC. 3/F 1033 M.H. del Pilar St. Ermita, Manila Metropolitan Manila 1000	Omnibus Without Client 5245186	Tax Identification Number 002-919-761	Foreign PHILIPPINES	3,000.00 FMX1
27200000000 5	BERNAD SECURITIES, INC. 3/F 1033 M.H. del Pilar St. Ermita, Manila Metropolitan Manila 1000	Omnibus Without Client 5245186	Tax Identification Number 002-919-761	Domestic PHILIPPINES	307,100.00 PH10
27200000000 6	BERNAD SECURITIES, INC. 3/F 1033 M.H. del Pilar St. Ermita, Manila Metropolitan Manila 1000	Settlement 5245186	Tax Identification Number 002-919-761	Domestic PHILIPPINES	397,000.00 NWT
27300000000 5	WONG SECURITIES CORPORATION 1402-B A. Mabini St., cor. Sta. Monica St., Ermita, Manila Metropolitan Manila 1000	Omnibus Without Client 5217794	Tax Identification Number 000-350-895-000	Domestic PHILIPPINES	44,000.00 PH10

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27500000000 5	YAO & ZIALCITA, INC. Yao & Zialcita, Inc., 5G Vernida I Condominium, 12(Amorsolo St., Legaspi Village, Makati City Metropolitan Manila	Omnibus Without Client 5274019 to 21	Tax Identification Number 170	Domestic PHILIPPINES	3,765,500.00 PH10
27800000000 5	YU & COMPANY, INC. Unit E 1606-B Tektite Tower 1 Exhange Road, Ortiga Center Pasig City Metropolitan Manila 1600	Omnibus Without Client 634-6248	Tax Identification Number 000-324-373-000	Domestic PHILIPPINES	5,884,000.00 PH10
27900000000 1	BDO SECURITIES CORPORATION 27/F Tower I & Exchange Plaza Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 759-41-44	Tax Identification Number 004-814-885-000	Foreign PHILIPPINES	22,000.00 FMX1
27900000000 5	BDO SECURITIES CORPORATION 27/F Tower I & Exchange Plaza Ayala Ave., Makati City Metropolitan Manila 1226	Omnibus Without Client 759-41-44	Tax Identification Number 004-814-885-000	Domestic PHILIPPINES	7,055,500.00 PH10
27900000000 6	BDO SECURITIES CORPORATION 27/F Tower I & Exchange Plaza Ayala Ave., Makati City Metropolitan Manila 1226	Settlement 759-41-44	Tax Identification Number 004-814-885-000	Domestic PHILIPPINES	120,000.00 NWT
28200000000 6	PCCI SECURITIES BROKERS CORP. 3/F PCCI Corporate Centre 118 Alfaro St, Salcedo Village Makati City Metropolitan Manila 1227	Settlement 893-3920	Tax Identification Number 177	Domestic PHILIPPINES	5,457,500.00 NWT
28300000000 5	EAGLE EQUITIES, INC. 179 Kaimito St. Valle Verde II, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6363637 to 39	Tax Identification Number 178	Domestic PHILIPPINES	623,800.00 PH10
28300000000 7	EAGLE EQUITIES, INC. 179 Kaimito St. Valle Verde II, Pasig City Metropolitan Manila 1600	Own 6363637 to 39	Tax Identification Number 178	Domestic PHILIPPINES	100,000.00 NWT

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28500000000 5	GOLDEN TOWER SECURITIES & HOLDINGS, IN 4-B Vernida I Condominium, 120 Amorsolo St., Legaspi Village, Makati City Metropolitan Manila 1229	Omnibus Without Client 8132839	Tax Identification Number 179	Domestic PHILIPPINES	2,232,576.00 PH10
28600000000 5	SOLAR SECURITIES, INC. Unit 3002-A East Tower, Phil. Stock Exchange Centre Exchange Road, Ortigas Complex, Pasig City Metropolitan Manila 1605	Omnibus Without Client 6366301	Tax Identification Number 001-949-768-000	Domestic PHILIPPINES	3,217,600.00 PH10
28800000000 5	G.D. TAN & COMPANY, INC. Unit 2203-A East Tower, PSE Center Exchange Road Ortigas Center, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6339989	Tax Identification Number 000-121-113-000	Domestic PHILIPPINES	522,800.00 PH10
28800000000 7	G.D. TAN & COMPANY, INC. Unit 2203-A East Tower, PSE Center Exchange Road Ortigas Center, Pasig City Metropolitan Manila 1600	Own 6339989	Tax Identification Number 000-121-113-000	Domestic PHILIPPINES	500.00 NWT
32800000000 5	DW CAPITAL INC. UNIT 1610-1611 TOWER ONE & EXCHANGE PLAZA, AYALA TRIANGLE, AYALA AVENUE, MAKATI CITY 1226 Metropolitan Manila 0	Omnibus Without Client 8369633	Tax Identification Number 200-262-862-000	Domestic PHILIPPINES	350,000.00 PH10
33800000000 8	PHILIPPINE EQUITY PARTNERS, INC. Unit 19C Citibank Tower Citibank Plaza 8741 Paseo d Roxas Makati City Metropolitan Manila 1226	Settlement 8145788	Tax Identification Number 213-130-068-000	Domestic PHILIPPINES	500.00 NWT
34500000000 5	UNICAPITAL SECURITIES INC. 4F Majalco Bldg Benavidez cor Trasierra Sts Legaspi Vill., Makati City Metropolitan Manila 1200	Omnibus Without Client 750-2030	Tax Identification Number 005-294-264-000	Domestic PHILIPPINES	713,000.00 PH10

BP ID ACCOUNT NO.	BP NAME ADDRESS	ACCOUNT TYPE TELEPHONE NUMBER	ID TYPE ID NUMBER	INVESTOR TYPE COUNTRY	HOLDINGS TAXCODE
38800000000 5	ARMSTRONG SECURITIES, INC. Unit 2205-A, 22/F PSE Centre Exchange Road, Ortiga Centre, Pasig City Metropolitan Manila 1600	Omnibus Without Client 6346337 to 39	Tax Identification Number 191	Domestic PHILIPPINES	8,600.00 PH10
38900000000 5	KING'S POWER SECURITIES, INC. RM 1602 FEDERAL TOWER DASMARINAS ST., BINONDO, MANILA Metropolitan Manila 0	Omnibus Without Client	Tax Identification Number 205-495-236	Domestic PHILIPPINES	1,222,000.00 PH10
CITI1000000 1	CITIBANK N.A. 11/F Citibank Tower Villar corner Valero Sts. Makati City, MM Metropolitan Manila 1200	Own 8947841	Tax Identification Number 946	Foreign PHILIPPINES	22,000.00 FMX1
DEUB1000000 1	DEUTSCHE BANK MANILA-CLIENTS A/C 26/F Ayala Tower One Ayala Triangle, Makati City Metropolitan Manila 1226	Own 8946970	Tax Identification Number DEUB1	Foreign PHILIPPINES	14,071,000.00 FMX1
DEUB2000000 1	DEUTSCHE BANK MANILA-CLIENTS A/C 26/F ayala Tower One, Ayala Triangle, Makati City Metropolitan Manila 1226	Own 894-6970	Tax Identification Number 949	Domestic PHILIPPINES	12,900.00 NWT
DEUB2000007 1	DEUTSCHE BANK AG MANILA BRANCH A/C CLIENTS DEUB20 23F AYALA TOWER ONE AYALA AVE. MAKATI CITY Metropolitan Manila	Client 8946989	Certificate Of Incorporation 000-449-586-000	Domestic PHILIPPINES	1,880,000.00 PH10
SCBK1000000 1	STANDARD CHARTERED BANK 6756 Ayala Avenue Makati City Metropolitan Manila 1200	Own 878-2879	Tax Identification Number 957	Foreign PHILIPPINES	902,900.00 FMX1
			Total Holdings	:	610,564,274.00

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013, 2012 and 2011

COVER SHEET

A S 0 9 4 - 0 0 8 6 7 8

S.E.C. Registration Number

W A T E R F R O N T P H I L I P P I N E S

I N C O R P O R A T E D A N D S U B S I D I A R I E S

(Company's Full Name)

I P T B u i l d i n g , P r e - D e p a r t u r e

A r e a , M a c t a n C e b u

I n t e r n a t i o n a l A i r p o r t

L a p u - l a p u C i t y , C e b u

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

Ms. Elvira A. Ting	(02) 687-0888
Contact Person	Company Telephone Number

1 2	3 1	A F S 1 3		
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Waterfront Philippines, Inc.** is responsible for the preparation and fair presentation of the consolidated financial statements as at and for the years ended December 31, 2013 and 2012, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the Stockholders of the Company.

R.G. Manabat & Co. formerly,
Manabat Sanagustin & Co., the independent auditor and appointed by the Stockholders, has audited the financial statements of the Company in accordance with Philippines Standards on Auditing and in its reports to the Stockholders of the Company, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:

Renato B. Magadia
Chairman of the Board

Kenneth T. Gatchalian
President

Precilla O. Toriano
Corporate Finance Director

Elvira A. Ting
Treasurer

11 APR 2014

Signed this __th day of __________2014

DOC. NO. 200
BOOK NO. 47
PAGE NO. 41
SERIES OF 2014

ATTY. [illegible]
D.[illegible] CITY
NOTARIAL [illegible] 211-05
PTR [illegible] PROVINCE
IBP NO. 945518/12-[illegible] PROVINCE
ROLL OF ATTORNEYS NO. 40563
MCLE COMP NO. III-0010595

STATEMENT OF MANANGEMENT RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The Management of **Waterfront Philippines Inc.** the "Company" is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2013. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2013 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

BUREAU OF INTERNAL REVENUE
RECEIVED
DATE APR 2 9 2014

Signed under oath by the following:

Precilla O. Toriano
Corporate Finance Director

Elvira A. Ting
Treasurer

Kenneth T. Gatchalian
President

Renato B. Magadia
Chairman of the Board

I.C.T.D. SEC
ELECTRONIC RECORDS AND MANAGEMENT DIVISION
APR 30 2014
24
BY:
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

REPUBLIC OF THE PHILIPPINES)
) S.S

TREASURER'S CERTIFICATION

I, **Elvira A. Ting** ,of legal age, Filipino and with office address at the 27F Wynsum Corporate Plaza Francisco Ortigas Jr. Avenue Ortigas Center, Pasig City, after being sworn in accordance with law, hereby certify that:

1. I am the Treasurer of **Waterfront Philippines, Inc.,** (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration **No. AS094-8678** with principal office address at No. 1 Waterfront Drive Lahug Cebu City.

2. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.

WITNESS MY HAND on this ____ day of 11 APR 2014 2014 at ______________________.

ELVIRA A. TING
Treasurer

SUSBCRIBED AND SWORN to before me on this 11 APR 2014 day of ____________ at ________________. Affiant exhibited to me her **Community Tax Certificate No. 09611624** issued on January 10, 2013.

Doc. No 249.
Page No 51.
Book No 8.
Series of 2014.

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

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Internet www.kpmg.com.ph
E-Mail manila@kpmg.com.ph

Branches: Subic · Cebu · Bacolod · Iloilo

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated and Subsidiaries
IPT Building, Pre-Departure Area
Mactan Cebu International Airport
Lapu-lapu City, Cebu

We have audited the accompanying consolidated financial statements of Waterfront Philippines, Incorporated (the "Parent Company") and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PRC-BOA Registration No. 0003, valid until December 31, 2016
SEC Accreditation No. 0004-FR-3, Group A, valid until November 22, 2014
IC Accreditation No. F-0040-R, Group A, valid until September 11, 2014
BSP Accredited, Category A, valid until December 17, 2014

KPMG

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Waterfront Philippines, Incorporated and Subsidiaries as at December 31, 2013 and 2012, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2013, in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 9b to the consolidated financial statements which stated that the Parent Company has advances to Metro Alliance Holdings and Equities Corp. (MAHEC), a stockholder of the Parent Company, amounting to P358.8 million and P351.7 million as at December 31, 2013 and 2012, respectively, which has been the subject of collection efforts by the Parent Company's management. The ultimate amount and timing of collection of these advances is dependent on the fulfillment of the settlement agreement between MAHEC and its co-venturers. The consolidated financial statements do not include any adjustment that may be necessary to reflect the effects of the ultimate outcome of this uncertainty on the carrying amounts and classifications of these receivables.

R.G. Manabat & Co.

April 10, 2014
Makati City, Metro Manila

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail manila@kpmg.com.ph

Branches: Subic · Cebu · Bacolod · Iloilo

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated and Subsidiaries
IPT Building, Pre-Departure Area
Mactan Cebu International Airport
Lapu-lapu City, Cebu

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the "Group") as at and for the year ended December 31, 2013, on which we have rendered our report thereon dated April 10, 2014.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The accompanying supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

- Schedule of Philippine Financial Reporting Standards *(Annex A)*
- Map of Conglomerate *(Annex B)*
- Supplementary Schedules of Annex 68-E *(Annex C)*
- Schedule of Reconciliation of Deficit *(Annex D)*

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

VIRGILIO L. MANGUILIMOTAN
Partner
CPA License No. 0035026
SEC Accreditation No. 0047-AR-3, Group A, valid until March 28, 2015
Tax Identification No. 112-071-561
BIR Accreditation No. 08-001987-11-2013
Issued May 9, 2013; valid until May 8, 2016
PTR No. 4225132MC
Issued January 2, 2014 at Makati City

April 10, 2014
Makati City, Metro Manila

PRC-BOA Registration No. 0003, valid until December 31, 2016
SEC Accreditation No. 0004-FR-3, Group A, valid until November 22, 2014
IC Accreditation No. F-0040-R, Group A, valid until September 11, 2014
BSP Accredited, Category A, valid until December 17, 2014

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31		January 1
	Note	**2013**	2012 (As restated - Note 29)	2012 (As restated - Note 29)
ASSETS				
Current Assets				
Cash and cash equivalents	*5*	**P71,807,950**	P76,723,180	P78,956,323
Receivables - net	*6*	**191,340,325**	151,431,610	165,170,252
Inventories	*7*	**26,691,581**	29,840,571	36,718,256
Due from related parties	*9*	**2,001,628,340**	2,176,371,031	2,065,580,728
Prepaid expenses and other current assets	*8*	**67,912,189**	36,906,992	18,764,904
Total Current Assets		**2,359,380,385**	2,471,273,384	2,365,190,463
Noncurrent Assets				
Property and equipment - net	*11, 15*	**6,505,409,658**	6,462,910,305	6,534,809,295
Available-for-sale investments	*9e*	**16,908,450**	26,013,000	22,978,150
Deferred tax assets	*21*	**247,525,682**	281,145,443	288,890,457
Other noncurrent assets	*12*	**74,673,094**	130,421,834	197,631,935
Total Noncurrent Assets		**6,844,516,884**	6,900,490,582	7,044,309,837
		P9,203,897,269	P9,371,763,966	P9,409,500,300
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	*13, 15*	**P1,249,043,043**	P1,258,404,323	P1,187,890,787
Loans payable - current portion	*15*	**847,184,455**	689,128,747	867,455,750
Income tax payable		**17,970,786**	14,313,966	53,753,194
Provisions		**45,575,012**	20,227,960	20,227,960
Contract payable	*10*	**-**	-	86,260,000
Other current liabilities	*14, 24*	**65,206,032**	14,083,208	12,139,739
Total Current Liabilities		**2,224,979,328**	1,996,158,204	2,227,727,430
Noncurrent Liabilities				
Loans payable - noncurrent portion	*15*	**251,297,183**	700,000,000	512,500,000
Deferred tax liabilities	*21*	**1,252,615,432**	1,214,757,909	1,246,567,529
Other noncurrent liabilities	*16, 20, 23, 24*	**877,169,861**	1,060,017,065	1,046,574,667
Total Noncurrent Liabilities		**2,381,082,476**	2,974,774,974	2,805,642,196
Total Liabilities		**4,606,061,804**	4,970,933,178	5,033,369,626
Equity Attributable to Equity Holders of the Parent Company				
Capital stock	*18*	**2,498,991,753**	2,498,991,753	2,498,991,753
Additional paid-in capital		**706,364,357**	706,364,357	706,364,357
Deficit	*28*	**(1,469,509,833)**	(1,504,517,591)	(1,597,545,556)
Foreign currency translation adjustment		**24,042,754**	35,801,255	24,835,541
Revaluation surplus on property and equipment	*11*	**2,072,860,019**	1,982,306,440	2,061,355,325
Fair value reserve	*9e*	**2,701,628**	7,982,267	6,329,331
Retirement benefits reserve	*29*	**37,415,561**	(4,415,815)	(6,672,373)
Total Equity Attributable to Equity Holders of the Parent Company		**3,872,866,239**	3,722,512,666	3,693,658,378
Non-controlling Interest	*18*	**724,969,226**	678,318,122	682,472,296
		4,597,835,465	4,400,830,788	4,376,130,674
		P9,203,897,269	P9,371,763,966	P9,409,500,300

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	2013	2012 (As restated - Note 29)	2011 (As restated - Note 29)
			Years Ended December 31	
REVENUES				
Hotel operations				
Rent and related income	*23, 24*	**P882,792,575**	P777,980,444	P750,009,209
Rooms		**548,215,581**	585,389,143	607,412,849
Food and beverages		**499,754,900**	588,290,692	584,012,431
Other operating departments		**23,952,650**	19,132,964	22,201,594
Others		**24,376,009**	28,472,703	31,933,475
		1,979,091,715	1,999,265,946	1,995,569,558
COSTS AND EXPENSES OTHER THAN DEPRECIATION AND AMORTIZATION				
Energy costs		**296,767,547**	276,050,281	258,115,655
Personnel costs	*20*	**278,095,839**	288,700,711	273,773,140
Food and beverages		**235,091,283**	262,902,128	286,142,034
Repairs and maintenance		**113,041,568**	149,568,502	75,781,942
Rent	*24*	**99,060,952**	102,698,604	104,055,914
Rooms		**90,189,437**	78,664,810	84,993,292
Other operating departments		**11,439,016**	14,425,786	13,985,511
Others	*19*	**337,805,199**	350,192,702	333,474,703
		1,461,490,841	1,523,203,524	1,430,322,191
INCOME BEFORE INTEREST, DEPRECIATION AND AMORTIZATION, IMPAIRMENT LOSSES AND INCOME TAX EXPENSE		**517,600,874**	476,062,422	565,247,367
INTEREST, DEPRECIATION AND AMORTIZATION AND IMPAIRMENT LOSSES				
Depreciation and amortization	*11, 24*	**349,652,722**	323,723,574	275,316,747
Interest expense	*15*	**163,830,581**	162,940,594	89,458,540
Casualty losses	*11*	**44,511,664**	-	-
Penalties and other charges	*13, 15*	**-**	-	60,000,000
Impairment losses, bad debts written off and provisions	*6, 10, 27c*	**33,316,701**	796,995	239,955,762
Loss on sale of an interest in a subsidiary	*25*	**-**	9,169,071	40,537,836
Interest income	*9a, 9b*	**(33,621,918)**	(41,274,304)	(27,039,062)
Foreign exchange losses (gains) - net		**12,851,818**	(34,942,933)	11,201,581
Others - net		**8,438,711**	7,893,679	7,741,841
		578,980,279	428,306,676	697,173,245
INCOME (LOSS) BEFORE INCOME TAX		**(61,379,405)**	47,755,746	(131,925,878)
INCOME TAX EXPENSE	*21*	**3,952,111**	38,746,192	28,195,584
NET INCOME (LOSS)		**(65,331,516)**	9,009,554	(160,121,462)

Forward

			Years Ended December 31	
	Note	**2013**	2012 (As restated - Note 29)	2011 (As restated - Note 29)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will never be reclassified to profit or loss				
Actuarial gains (losses) on defined benefit plan	*20*	**P72,086,443**	P1,895,483	(P7,571,834)
Appraisal increase on property and equipment	*11*	**353,000,906**	-	-
Write-off of revaluation surplus resulting from casualty loss	*11*	**(21,024,771)**	-	-
Deferred tax effect		**(120,863,334)**	(205,487)	2,567,635
		283,199,244	1,689,996	(5,004,199)
Items that are or may be reclassified to profit or loss				
Net change in fair value of available-for-sale investments	*9e*	**(9,104,550)**	3,034,850	16,821,740
Foreign currency translation differences for foreign operations		**(11,758,501)**	10,965,714	(14,080,451)
		(20,863,051)	14,000,564	2,741,289
		262,336,193	15,690,560	(2,262,910)
TOTAL COMPREHENSIVE INCOME (LOSS)		**P197,004,677**	P24,700,114	(P162,384,372)
Net income (loss) attributable to:				
Equity holders of the Parent Company		**(P69,813,828)**	(P5,922,606)	(P119,639,087)
Non-controlling interest		**4,482,312**	14,932,160	(40,482,375)
		(P65,331,516)	P9,009,554	(P160,121,462)
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		**P150,353,573**	P9,059,879	(P130,467,084)
Non-controlling interest		**46,651,104**	15,640,235	(31,917,288)
		P197,004,677	P24,700,114	(P162,384,372)
LOSS PER SHARE - Basic and Diluted	*22*	**(P0.028)**	(P0.002)	(P0.048)

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

		Attributable to Equity Holders of the Parent Company									
	Note	**Capital Stock** (Note 18)	**Additional Paid-in Capital**	**Revaluation Surplus on Property and Equipment**	**Deficit** (Note 28)	**Fair Value Reserve** (Note 9e)	**Retirement Benefits Reserve** (Note 20)	**Foreign Currency Translation Adjustment**	**Total**	**Non-controlling Interests** (Note 18)	**Total Equity**
As of January 1, 2013, As previously reported		P2,498,991,753	P706,364,357	P1,982,306,440	(P1,503,776,381)	P7,982,267	P -	P35,801,255	P3,727,669,691	P677,222,369	P4,404,892,060
Impact of change in accounting policy	*29*	-	-	-	(741,210)	-	(4,415,815)	-	(5,157,025)	1,095,753	(4,061,272)
As of January 1, 2013, As restated		2,498,991,753	706,364,357	1,982,306,440	(1,504,517,591)	7,982,267	(4,415,815)	35,801,255	3,722,512,666	678,318,122	4,400,830,788
Total Comprehensive Income for the Year											
Net loss for the year		-	-	-	(69,813,828)	-	-	-	(69,813,828)	4,482,312	(65,331,516)
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect		-	-	(104,821,586)	104,821,586	-	-	-	-	-	-
Other comprehensive income - net of tax effect		-	-	195,375,165	-	(5,280,639)	41,831,376	(11,758,501)	220,167,401	42,168,792	262,336,193
		-	-	90,553,579	35,007,758	(5,280,639)	41,831,376	(11,758,501)	150,353,573	46,651,104	197,004,677
As of December 31, 2013		**P2,498,991,753**	**P706,364,357**	**P2,072,860,019**	**(P1,469,509,833)**	**P2,701,628**	**P37,415,561**	**P24,042,754**	**P3,872,866,239**	**P724,969,226**	**P4,597,835,465**

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

		Attributable to Equity Holders of the Parent Company									
	Note	Capital Stock (Note 18)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Deficit (Note 28)	Fair Value Reserve (Note 9e)	Retirement Benefits Reserve (Note 20)	Foreign Currency Translation Adjustment	Total	Non-controlling Interests (Note 18)	Total Equity
As of January 1, 2012, As previously reported		P2,498,991,753	P706,364,357	P2,061,355,325	(P1,595,477,288)	P6,329,331	P -	P24,835,541	P3,702,399,019	P680,804,122	P4,383,203,141
Impact of change in accounting policy	*29*	-	-	-	(2,068,268)	-	(6,672,373)	-	(8,740,641)	1,668,174	(7,072,467)
As of January 1, 2012, As restated		2,498,991,753	706,364,357	2,061,355,325	(1,597,545,556)	6,329,331	(6,672,373)	24,835,541	3,693,658,378	682,472,296	4,376,130,674
Total comprehensive income for the year											
Net income for the year, as restated	*29*	-	-	-	(5,922,606)	-	-	-	(5,922,606)	14,932,160	9,009,554
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect		-	-	(72,285,651)	72,285,651	-	-	-	-	-	-
Other comprehensive income, as restated	*29*	-	-	-	-	1,760,213	2,256,558	10,965,714	14,982,485	708,075	15,690,560
		-	-	(72,285,651)	66,363,045	1,760,213	2,256,558	10,965,714	9,059,879	15,640,235	24,700,114
Transactions with owners of the Company											
Change in ownership interests due to sale of shares in a subsidiary	*25*	-	-	(6,763,234)	26,664,920	(107,277)	-	-	19,794,409	(19,794,409)	-
As of December 31, 2012, As restated		P2,498,991,753	P706,364,357	P1,982,306,440	(P1,504,517,591)	P7,982,267	(P4,415,815)	P35,801,255	P3,722,512,666	P678,318,122	P4,400,830,788

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31

		Attributable to Equity Holders of the Parent Company									
	Note	Capital Stock (Note 18)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Deficit (Note 28)	Fair Value Reserve (Note 9e)	Retirement Benefits Reserve (Note 20)	Foreign Currency Translation Adjustment	Total	Non-controlling Interests	Total Equity
As of January 1, 2011, As previously reported		P2,498,991,753	P706,364,357	P2,508,261,000	(P1,580,908,168)	(P4,204,901)	P -	P38,915,992	P4,167,420,033	P763,095,013	P4,930,515,046
Total comprehensive income for the year											
Net loss for the year, as restated	*29*	-	-	-	(119,639,087)	-	-	-	(119,639,087)	(40,482,375)	(160,121,462)
Other comprehensive income, as restated	*29*	-	-	(113,836,943)	113,836,943	9,924,827	(6,672,373)	(14,080,451)	(10,827,997)	8,565,087	(2,262,910)
		-	-	(113,836,943)	(5,802,144)	9,924,827	(6,672,373)	(14,080,451)	(130,467,084)	(31,917,288)	(162,384,372)
Transactions with owners of the Company											
Change in ownership interests due to sale of shares in a subsidiary	*25*	-	-	(101,788,732)	(10,835,244)	609,405	-	-	(112,014,571)	112,014,571	-
Derecognition of revaluation surplus related to land previously held under finance lease		-	-	(231,280,000)	-	-	-	-	(231,280,000)	(160,720,000)	(392,000,000)
		-	-	(333,068,732)	(10,835,244)	609,405	-	-	(343,294,571)	(48,705,429)	(392,000,000)
As of December 31, 2011, As restated		P2,498,991,753	P706,364,357	P2,061,355,325	(P1,597,545,556)	P6,329,331	(P6,672,373)	P24,835,541	P3,693,658,378	P682,472,296	P4,376,130,674

See Notes to Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

			Years Ended December 31	
	Note	2013	2012 (As restated - Note 29)	2011 (As restated - Note 29)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(P61,379,405)**	P47,755,746	(P131,925,878)
Adjustments for:				
Depreciation and amortization	*11*	**349,652,722**	323,723,574	275,316,747
Interest expense	*15*	**163,830,581**	162,940,594	89,458,540
Casualty losses	*11*	**44,511,664**	-	-
Net retirement benefits costs	*20*	**36,478,197**	42,805,710	24,255,013
Provisions	*6, 10, 27c*	**33,316,701**	796,995	239,955,762
Unrealized foreign exchange loss (gain)		**12,756,646**	(21,172,420)	11,158,030
Loss on sale of an equity interest of a subsidiary	*25*	**-**	9,169,071	40,537,836
Loss on disposal of property and equipment		**-**	88,605	-
Interest income		**(33,621,918)**	(41,274,304)	(27,039,062)
Operating income before working capital changes		**545,545,188**	524,833,571	521,716,988
Decrease (increase) in:				
Receivables		**(39,216,160)**	8,999,462	16,657,215
Inventories		**3,148,990**	6,877,685	(3,380,618)
Prepaid expenses and other current assets		**(31,005,197)**	(20,718,883)	610,620
Increase (decrease) in:				
Accounts payable and accrued expenses		**(21,119,781)**	63,314,467	60,051,390
Other current liabilities		**(7,819,639)**	10,628,902	3,693,750
Cash generated from operations		**449,533,401**	593,935,204	599,349,345
Interest received		**123,426**	196,478	363,192
Income taxes paid		**(49,681,341)**	(102,418,159)	(80,747,152)
Retirement plan contributions paid	*20*	**(11,000,000)**	(13,800,000)	(17,505,000)
Benefits paid	*20*	**(3,875,657)**	(5,667,600)	-
Interest paid		**(149,873,765)**	(151,871,417)	(84,249,071)
Net cash provided by operating activities		**235,226,064**	320,374,506	417,211,314
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Due from related parties		**208,241,182**	(44,985,501)	(491,967,851)
Other noncurrent assets		**55,748,740**	67,210,101	(50,439,050)
Acquisitions of property and equipment	*11*	**(103,654,721)**	(259,191,266)	(97,525,553)
Investment in a subsidiary		**-**	(22,819,071)	(21,565,000)
Payment of contract payable		**-**	(86,260,000)	-
Proceeds from sale of an equity interest in a subsidiary		**-**	13,650,000	14,100,000
Proceeds from sale of property and equipment		**-**	135,200	41,884
Net cash provided by (used in) investing activities		**160,335,201**	(332,260,537)	(647,355,570)

Forward

			Years Ended December 31	
	Note	**2013**	2012 (As restated - Note 29)	2011 (As restated - Note 29)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in loans payable		**(P313,098,843)**	P30,976,955	P18,369,631
Increase (decrease) in other noncurrent liabilities		**(87,377,652)**	(21,324,067)	198,291,499
Net cash provided by (used in) financing activities		**(400,476,495)**	9,652,888	216,661,130
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,915,230)**	(2,233,143)	(13,483,126)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**76,723,180**	78,956,323	92,439,449
CASH AND CASH EQUIVALENTS AT END OF YEAR	*5*	**P71,807,950**	P76,723,180	P78,956,323

See Notes to the Consolidated Financial Statements.

1. Reporting Entity

Waterfront Philippines, Incorporated (the "Parent Company" or "WPI") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994. WPI is 46%-owned by The Wellex Group, Inc. (TWGI), the Ultimate Parent Company, and is listed in the Philippine Stock Exchange (PSE). WPI holds equity interests in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos, manufacturing of pastries, and hotel management and operations. The Ultimate Parent Company is also registered and domiciled in the Philippines.

The Parent Company and the following subsidiaries (collectively referred to as the "Group") were incorporated in the Philippines, except for Waterfront Promotion Ltd. (WPL) and Club Waterfront International Limited (CWIL), which were registered in the Cayman Islands.

	Percentage of Ownership	
	Direct	Indirect
Hotels and Resorts		
Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI)	100	-
Waterfront Mactan Casino Hotel, Incorporated (WMCHI)	100	-
Davao Insular Hotel Company, Inc. (DIHCI)	98	-
Acesite (Phils.) Hotel Corporation (APHC)	58*	-
Grand Ilocandia Resort and Development, Inc. (GIRDI)	54	-
Real Estate		
CIMA Realty Phil., Inc. (CIMAR)**	-	58
Fitness Gym		
Waterfront Wellness Group, Inc. (WWGI)	100	-
International Marketing and Promotion of Casinos		
WPL	100	-
Mayo Bonanza, Inc. (MBI)	100	-
CWIL (through direct ownership in WPL)	-	100
Waterfront Entertainment Corporation (WEC)	100	-
Pastries Manufacturing		
Waterfront Food Concepts Inc. (WFC)	100	-
Hotel Management and Operation		
Waterfront Hotel Management Corp. (WHMC)	100	-

**58% in 2012 and 59% 2011*
***Through direct ownership in APHC.*

The Parent Company's percentages of ownership for the above subsidiaries are the same for 2013, 2012 and 2011, except as indicated. In 2011, APHC acquired CIMAR, which is engaged in real estate business, making the latter a wholly-owned subsidiary of APHC (see Note 10).

Management decided to temporarily cease the operations of WPL, CWIL and GIRDI in 2003, 2001 and 2000, respectively, due to unfavorable economic conditions. However, the Parent Company has given an undertaking to provide necessary support in order for WPL, CWIL and GIRDI to continue as a going concern.

Office Address
The registered office of the Parent Company is located at IPT Building, Pre-Departure Area, Mactan Cebu International Airport, Lapu-lapu City, Cebu.

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

The consolidated financial statements of the Group as at and for the year ended December 31, 2013 were approved and authorized for issue by the Board of Directors (BOD) on April 10, 2014.

Basis of Measurement
The consolidated financial statements of the Group have been prepared on a historical cost basis of accounting, except for the following items which are measured on an alternative basis at each reporting date:

Items	Measurement Basis
Hotel building and equipments and furniture and fixtures	Revalued amount less accumulated depreciation and impairment losses
Available-for-sale (AFS) investment	Fair value
Retirement benefits liability	Net of fair value of plan asset and present value of defined benefits obligation (DBO)

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest peso, except when otherwise stated.

Use of Estimates and Judgments
The preparation of consolidated financial statements in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Note 4 to the consolidated financial statements.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by the Group, except for the changes in accounting policies.

Adoption of Revised Standards, Amendments to Standards and Interpretations
The Group has adopted the following amendments to standards and interpretations starting January 1, 2013 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

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

    - require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss;
    - do not change the existing option to present profit or loss and other comprehensive income in two statements; and
    - change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.

    The amendments do not address which items presented in other comprehensive income or which items need to be reclassified. The requirements of other PFRSs continue to apply in this regard.

- *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)*. These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are:

    - offset in the statement of financial position; or
    - subject to enforceable master netting arrangements or similar agreements.

    They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position.

- PFRS 10, *Consolidated Financial Statements*

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

An investor controls an investee when:

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

Control is re-assessed as facts and circumstances change.

PFRS 10 supersedes PAS 27 (2008) *Consolidated and Separate Financial Statements* and Philippine Interpretation SIC-12 *Consolidation - Special Purpose Entities.*

- PFRS 12, *Disclosure of Interests in Other Entities*

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

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

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

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

- PFRS 13, *Fair Value Measurement*

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

- PAS 19, *Employee Benefits* (Amended 2011)

  The amended PAS 19 includes the following requirements:

  - actuarial gains and losses are recognized immediately in other comprehensive income; this change removes the corridor method and eliminates the ability for entities to recognize all changes in the DBO and in plan assets in profit or loss; and
  - interest income on plan assets recognized in profit or loss is calculated based on the rate used to discount the DBO.

  The impact of the adoption of these amendments is presented in Note 29 to the consolidated financial statements.

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

  - PFRS 1 - *Borrowing Cost Exemption*. This is amended to clarify how the exemption should be applied for borrowing costs relating to qualifying assets for which the commencement date of capitalization is before the date of transition to PFRSs.

    After the amendment, if a first-time adopter of PFRSs chooses to apply the exemption, then:

    - it should not restate the borrowing cost component that was capitalized under previous GAAP; and
    - it should account for borrowing costs incurred on or after the date of transition (or an earlier date, as permitted by PAS 23, *Borrowing Costs*) in accordance with PAS 23. This includes those borrowing costs that have been incurred on qualifying assets already under construction at that date.

  - PAS 1, *Presentation of Financial Statements - Comparative Information beyond Minimum Requirements*. This is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with PFRSs.

    For example, if an entity elects to present a third statement of comprehensive income, then this additional statement should be accompanied by all related notes, and all such additional information should be in accordance with PFRSs. However, the entity need not present:

    - other primary statements for that additional comparative period, such as a third statement of cash flows; or
    - the notes related to these other primary statements.

- PAS 1 - *Presentation of the Opening Statement of Financial Position and Related Notes*. This is amended to clarify that:

  - the opening statement of financial position is required only if:
    - a change in accounting policy;
    - a retrospective restatement; or
    - a reclassification

    has a material effect upon the information in that statement of financial position;
  - except for the disclosures required under PAS 8, notes related to the opening statement of financial position are no longer required; and
  - the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented. This is regardless of whether an entity provides additional comparative information beyond the minimum comparative information requirements.

  The amendment explains that the requirements for the presentation of notes related to additional comparative information and those related to the opening statement of financial statements are different, because the underlying objectives are different.

  Consequential amendments have been made to PFRS 1 and PAS 34, *Interim Financial Reporting.*

- PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment.* This is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in PAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using PAS 2, *Inventories.*

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

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

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

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

New and Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

To be Adopted on January 1, 2014

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

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

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

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

- Recoverable Amount Disclosures for Non-financial Assets *(Amendments to PAS 36).* These narrow-scope amendments to PAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

  The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted for periods when the entity has already applied PFRS 13.

To be Adopted on July 1, 2014

- Defined Benefit Plans: Employee Contributions *(Amendments to PAS 19).* The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

  The amendments apply retrospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted.

To be Adopted (No definite date - Originally January 1, 2015)

- PFRS 9 Financial Instruments (2009), PFRS 9 Financial Instruments (2010) and PFRS 9 Financial Instruments (2013)

  PFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under PFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. PFRS 9 (2010) introduces additions relating to financial liabilities.

  PFRS 9 (2013) introduces the following amendments:

  - A substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements;
  - Changes to address the so-called ‘own credit’ issue that were already included in PFRS 9, *Financial Instruments* to be applied in isolation without the need to change any other accounting for financial instruments; and
  - Removes the January 1, 2015 mandatory effective date of PFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

  The IASB is currently discussing some limited amendments to the classification and measurement requirements in IFRS 9 and is also discussing the expected credit loss impairment model to be included in IFRS 9. Once those deliberations are complete the IASB expects to publish a final version of IFRS 9 that will include all of the phases: Classification and Measurement; Impairment and Hedge Accounting. That version of IFRS 9 will include a new mandatory effective date.

Principles of Consolidation

The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and are included in the consolidated financial statements from the date when control commences until the date when control ceases.

The accounting policies of subsidiaries are being aligned with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting for Business Combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity if and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus

- the recognized amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

- the net recognized amount generally the fair value of the identifiable assets acquired and the liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the effective settlement of preexisting contractual relationships. Such amounts are generally recognized in profit or loss. The amount recognized in profit or loss is measured between the lesser of the amount by which the contract is favorable or unfavorable compared to market from the perspective of the acquirer, and the amount of any stated settlement provisions in the contract available to the counterparty to whom the contract is unfavorable.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalized as part of the cost of the acquisition.

Accounting for Non-controlling Interests (NCI)
NCI represents the portion of profit or loss, other comprehensive income and the net assets not held by the Group and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the Parent Company’s equity.

Acquisitions of NCI are accounted for as transaction with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. The adjustments to NCI, if any, are based on a proportionate amount of the net assets of the subsidiary.

Loss of Control
Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit resulting from loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an AFS investment depending on the level of influence.

Transactions Eliminated on Consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

<u>Segment Reporting</u>
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker (CODM) of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

The Group's businesses are operated and organized according to the nature of business provided, with each segment representing a strategic business unit, namely, the Hotel operations, Marketing operations and Corporate and Other Operations segments.

The Group's only reportable geographical segment is the Philippines.

<u>Revenue Recognition</u>
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income is measured at the fair value of the consideration received, net of trade discounts, rebates, and other sales taxes or duties. The following specific criteria must also be met before income is recognized:

Rooms
Room revenue is recognized based on actual occupancy.

Food and Beverages
Food and beverage revenue is recognized when orders are served.

Rent and Related Income
Rent and related income on leased areas of the Group's properties is accounted for on a straight-line basis over the term of the lease, except for cancellable leases which are recognized at amount collected or collectible based on the contract provision.

Other Operating Departments and Other Revenues
Revenue from other operating departments and other revenues are recognized upon execution of service or as contracted.

Interest Income
Interest income is recognized as it accrues using the effective interest method.

Other Income
Other income is recognized when earned.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense is recognized in profit or loss in the period in which they are incurred using the effective interest method.

Financial Instruments
Financial Assets
The Group classifies its financial assets in the following categories: (a) at fair value through profit or loss (FVPL), (b) loans and receivables, (c) held-to-maturity (HTM) investments, and (d) AFS financial assets. The Group's classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group only holds financial assets classified as AFS financial assets and loans and receivables.

(a) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. They are included in current assets, except for maturities greater than 12 months after the financial reporting date, in which case, these are classified as noncurrent assets. The Group's cash and cash equivalents, receivables, due from related parties and refundable deposits (presented under "Other noncurrent assets" account in the consolidated statements of financial position) are classified as loans and receivables as at December 31, 2013 and 2012.

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of change in value.

Trade receivables arising from regular sales with credit term ranging from 30 to 45 days are recorded at invoice value less allowance for impairment losses.

AFS investments are those which are designated as such or do not qualify to be classified as financial assets at FVPL, HTM investments or loans and receivables. These are investments which are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers and other debt instruments.

(b) Initial Recognition and Derecognition

Regular purchases and sales of financial assets are recognized on trade date - the date on which the Group commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the timeframe generally established by regulations or convention in the marketplace. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVPL. Financial assets carried at FVPL are initially recognized at fair value and transaction costs are expensed in profit or loss

Financial assets are derecognized when:

- the rights to receive cash flows from the financial assets have expired; or

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset; or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from a financial asset and has neither transferred nor retained substantially all the risks and rewards of the financial assets nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group’s continuing involvement in the financial asset.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

(c) Subsequent Measurement

Loans and receivables are carried at amortized cost using the effective interest method, less impairment losses, if any.

AFS investments are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in profit or loss. The unrealized gains and losses arising from the fair valuation of AFS investments are recognized in other comprehensive income and are presented as “Fair value reserve” in the equity section of the consolidated statements of financial position.

(d) Determination of Fair Value

Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Where applicable, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable input and minimizing the use of unobservable inputs.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair value of AFS investments was determined using the closing market price of the investment as of December 31, 2013 and 2012.

(e) Impairment

The Group assesses at each financial reporting date whether there is objective evidence that a financial asset is impaired.

Impairment of trade and other receivables financial assets is described in Note 4 to the consolidated financial statements. For those carried at amortized cost, individually significant financial assets are tested for impairment if there are indicators of impairment. Impairment loss is recognized in profit or loss and the carrying amount is reduced through the use of allowance. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Impairment losses on AFS financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired AFS debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise it is reversed through other comprehensive income.

Financial Liabilities

(a) Classification

The Group classifies its financial liabilities as financial liabilities at FVPL and other financial liabilities. The Group's financial liabilities are classified as other financial liabilities.

Other financial liabilities pertain to issued financial instruments that are not classified or designated at FVPL and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash.

This classification includes the Group's interest bearing loan with Industrial Commercial Bank of China Singapore Branch (ICBC), Social Security System (SSS), Philippine Business Bank (PBB), contract payable, accounts payable and accrued expenses, refundable security deposits, obligations under finance leases and related accrued interest.

(b) Initial Recognition and Derecognition

Financial liabilities are initially recognized at fair value, less any directly attributable transaction cost.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(c) Subsequent Measurement

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Offsetting Financial Assets and Liabilities
Financial assets and liabilities are offset if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross in the consolidated statements of financial position.

Inventories
Inventories, which represent food and beverage, operating supplies, and engineering and maintenance supplies, are stated at the lower of cost and net realizable value (NRV).

Cost, which comprises all costs of purchase and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method.

NRV for food and beverage represents the estimated selling price in the ordinary course of business less the estimated costs to sell. NRV of operating supplies and engineering and maintenance supplies is the estimated current replacement cost. Inventories are periodically reviewed and evaluated for obsolescence. Obsolete inventories are scrapped or disposed of and the related costs are charged to operations.

Property and Equipment

Measurement at Initial Recognition

Upon initial recognition, items of property and equipment are measured at cost which comprises the purchase price and all directly attributable costs of bringing the asset to the location and condition for its intended use.

Measurement Subsequent to Initial Recognition

Property and equipment, except for leasehold improvements, operating equipment and construction in progress which are stated at cost, are carried at revalued amounts, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and amortization and impairment losses, if any. Fair values are determined through appraisal by an independent firm of appraisers. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The net appraisal surplus resulting from the revaluation is credited to "Revaluation surplus on property and equipment" account (net of corresponding deferred income tax effects) shown under the consolidated statements of changes in equity. Any increase in the revaluation amount is credited to the "Revaluation surplus on property and equipment" account unless it offsets a previous decrease in the value of the same asset recognized in profit or loss. A decrease in value is recognized in profit or loss where it exceeds the increase previously recognized in the "Revaluation surplus on property and equipment." Upon disposal, any related revaluation surplus is transferred to "Retained earnings" account and is not taken into account in arriving at the gain or loss on disposal. Also, the amount of revaluation surplus absorbed through depreciation is being transferred to "Retained earnings" account, net of deferred income tax effect.

All costs, including borrowing costs, that were directly and clearly associated with the construction of the hotels, were capitalized.

Construction in progress, included in property and equipment, represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Operating equipment consisting of chinaware, glassware, silverware and linen are stated at cost less accumulated amortization and adjustments based on periodic inventory method. Under this method, the recorded costs of operating equipment are amortized using various rates and adjusted based on periodic inventory count. Adjustments include the effects of any breakages and damages. The amortization and adjustments are recognized in profit or loss.

Subsequent Costs

Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation
Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful lives of the improvements or the term of the lease, whichever is shorter.

The estimated useful lives are as follows:

	Number of Years
Land improvements	5 - 10
Leasehold improvements	10 or term of lease whichever is shorter
Hotel buildings and improvements	15 - 50
Furniture, fixtures and equipment	3
Operating equipment	3
Transportation equipment	3

The estimated useful lives, as well as the depreciation and amortization methods are reviewed at each reporting date to ensure that the period and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use, no further charges for depreciation and amortization are made in respect of those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and related accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Non-financial Assets
The carrying amount of the Group's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the impaired asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Reversals of impairments are recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Borrowing Costs

Borrowing costs are generally recognized as expense in the period in which these costs are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefit obligations, such as those for salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits, among others, are measured on an undiscounted basis and are expensed as the related service is provided.

Defined Benefit Plan

The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognized immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Related Party Relationship

A related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the Group (as lessor) are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease, except for cancellable leases which are recognized at the amount collected or collectible based on the contract provision.

Finance Leases

Finance leases, which transfers to the Group (as lessee) substantially all the risks and benefits incidental to ownership of a leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Philippine peso using the rates of exchange prevailing at the reporting date.

During the translation of the financial statement accounts of the foreign subsidiaries wherein accounts are being maintained in U.S. dollar, the differences between the reporting currency and the functional currency are recorded under the “Foreign currency translation differences for foreign operations” account in other comprehensive income. The results and financial position of the foreign subsidiaries are translated into Philippine peso using the following procedures:

- assets and liabilities are translated at the closing rate at reporting date;

- income and expenses are translated at exchange rates at the date of the transaction; and

- all resulting exchange differences are recognized as a separate component in equity.

Income Taxes

Income tax, which comprises current and deferred taxes, is recognized in profit or loss except to the extent that it relates to items recognized directly in equity and in other comprehensive income.

Current tax is the expected tax payable for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years, if any.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset (DTA) is recognized only to the extent that it is probable that future taxable profits will be available against which the DTA can be utilized. DTA is reduced to the extent that it is no longer probable that the related tax benefit will be realized. The items comprising the DTA are reviewed at each reporting date and adjustments are made, if appropriate.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or either tax assets and liabilities will be realized simultaneously.

Equity

Capital stock is classified as equity. Incremental costs directly attributable to the issuance of capital stock, if any, are recognized as a deduction from equity, net of any tax effects, if this can be absorbed by the excess of issue cost over par value. Otherwise, these are recognized in profit or loss.

Retained earnings (deficit) include accumulated results of operations as reported in the statements of comprehensive income.

Earnings (Loss) Per Share

Basic earnings (loss) per share (EPS) is determined by dividing net income or loss for the year by the weighted average number of common shares subscribed and issued during the year, after retroactive adjustment for any stock dividend and stock splits declared during the year. Diluted EPS is computed in the same manner as the aforementioned, except that all outstanding convertible preferred shares were further assumed to have been converted to common stock at the beginning of the period or at the time of issuance during the year.

Provisions and Contingencies

A provision is a liability of uncertain timing or amount. It is recognized when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements, unless the probability of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date
The Group identifies post year-end events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any post year-end events that provide additional information about the Group's financial position or performance at the end of a reporting period (adjusting events) are recognized in the consolidated financial statements. Events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Accounting Estimates and Judgments

The preparation of the consolidated financial statements in accordance with PFRSs requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and related disclosures. The estimates and assumptions used in the consolidated financial statements are based on management's evaluation of relevant facts and circumstances as of the date of the Group's consolidated financial statements. These estimates and judgments are detailed below:

Judgments
Determining Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the sale of goods and services and the costs of these goods and services.

Operating Lease Commitments (as Lessor)
The Group has leased out its commercial spaces to third parties. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the Group (see Notes 23 and 24).

Finance Leases Commitments (as Lessee)
Prior to the termination of the finance lease agreement in 2011, it is the Group's judgment, based on an evaluation of the terms and conditions of the arrangements, that it has substantially acquired all the significant risks and rewards incidental to ownership of the land. Accordingly, the Group accounted for this as a finance lease and capitalized the cost of the land and recognized the related finance lease obligation prior to 2012 (see Note 24). The land subject to the finance lease agreement had been the subject of the ejectment case filed by the lessor.

As disclosed in Note 24, as part of the settlement of all cases, the finance lease was superseded by an operating lease following acquisition by the Group of CIMAR.

The Group leased a certain equipment from Edward Marcs Philippines, Inc. (EMPI). At the end of the 10-year lease, EMPI shall transfer to the Hotel, free from any lien or encumbrance created by EMPI and without any payment of any compensation, all its rights, title and interest in and to the equipment. Based on the economic substance and financial reality of the lease agreement, the resulting lease has been determined to be a finance lease (see Note 24).

Fair Value Measurement
The fair value of property and equipment was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Group's property and equipment (see Note 11).

The fair value measurement for property and equipment has been categorized as Level 2 in the fair value hierarchy based on the inputs of the valuation technique used.

Tax Assessments and Legal Claims
The Group has received assessments from the Bureau of Internal Revenue (BIR) for deficiency taxes and is also a defendant in various legal cases which are still pending resolution. The Group's management and legal counsel have made a judgment that the position of the Group is sustainable and, accordingly, believe that the Group does not have a present obligation (legal or constructive) with respect to such assessment and claims (see Note 27).

Transactions with Philippine Amusement and Gaming Operations (PAGCOR)
The Group has significant transactions with PAGCOR. Under Presidential Decree (PD) No. 1869, otherwise known as the PAGCOR Charter, PAGCOR is exempt from payment of any form of taxes other than the 5% franchise tax imposed on the gross revenue or earnings derived by PAGCOR from its operations under the franchise. The amended Revenue Regulations (RR) No. 16-2005, which became effective in 2006, however, provides that gross receipts of PAGCOR shall be subject to the 12% value added tax (VAT). In February 2007, the Philippine Congress amended PD No. 1869 to extend the franchise term of PAGCOR for another 25 years but did not include the revocation of PAGCOR's tax exemption privileges as previously provided for in PD No. 1869. The Group's management and its legal counsel have made a judgment that the amended PD No. 1869 prevails over RR No. 16-2005 (see Note 23).

Distinguishing Investment Properties and Owner-occupied Properties
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the properties but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment properly only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group has classified its properties as owner-occupied.

Classifying Financial Instruments
The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual agreement and the definition of a financial asset, financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Estimates

Allowance for Impairment Losses on Receivables and Due from Related Parties

The Group maintains an allowance for impairment losses on receivables and due from related parties at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with its customers, their payment behavior and known market factors. The Group reviews the age and status of receivable and due from related parties, and identifies accounts that are to be provided with allowance on a regular basis.

The amount and timing of recorded expenses for any period would differ if the Group made different judgment or utilized different estimates.

For due from related parties, the Group uses judgment based on the available facts and circumstances, including but not limited to, assessment of the related parties' operating activities, business viability and overall capacity to pay in providing reserve allowance against recorded receivable amounts.

Allowance for impairment losses on receivables and due from related parties as at December 31, 2013 and 2012 amounted to P99.7 million and P97.4 million, respectively. The total carrying amount of the receivables and due from related parties, net of valuation allowance, amounted to P2.2 billion and P2.3 billion as at December 31, 2013 and 2012, respectively (see Notes 6, 9a and 9b).

Impairment of AFS Investments

The Group classifies certain assets as AFS investments and recognizes movements in their fair value in equity. AFS investments are assessed as impaired when there has been a significant or prolonged decline in the fair value below cost or where other objective evidence of impairment exists. The determination of what is significant or prolonged requires judgment. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities, and the future cash flows and the discount factors for unquoted equities.

As at December 31, 2013 and 2012, based on the assessment of the Group, there is no indication of impairment of AFS investments. The carrying value of AFS investments as at December 31, 2013 and 2012 amounted to P16.9 million and P26.0 million, respectively (see Note 9e).

NRV of Inventories

The Group carries its inventories at NRV whenever such becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Estimates of NRV are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuation of prices or costs directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date. The NRV is reviewed periodically to reflect the accurate valuation in the financial records.

All of the Group's inventories are carried at cost, which are lower than their net realizable values, as at December 31, 2013 and 2012 amounted to P26.7 million and P29.8 million, respectively (see Note 7).

Useful Lives of Property and Equipment
The Group estimates the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of property and equipment would increase depreciation and amortization expense and decrease noncurrent assets.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that the carrying amount of a nonfinancial asset may be impaired. If such indication exists, the Group makes an estimate of the asset's recoverable amount. At the reporting date, the Group assesses whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

PAS 36, *Impairment of Assets*, requires that an impairment review be performed when certain impairment indicators are present.

Determining the value in use of property and equipment requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, likewise requires the Group to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Group to conclude that property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial position and financial performance.

The preparation of the estimated future cash flows involves significant judgments and estimates. While the Group believes that the assumptions are appropriate and reasonable, significant change in the assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges.

As at December 31, 2013 and 2012, based on the assessment of the Group, there is no indication of impairment on the Group's nonfinancial assets.

Realizability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies.

The Group recognized deferred tax assets amounting to P247.5 million and P281.1 million as at December 31, 2013 and 2012, respectively. The Group has unrecognized deferred tax assets amounting to P22.2 million and P16.1 million as at December 31, 2013 and 2012, respectively (see Note 21).

Retirement Benefit Liability and Cost
The determination of the Group's retirement liability and cost is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. In accordance with PAS 19, actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expenses and recorded liability in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement cost and retirement liability.

Net retirement benefits cost amounted to P36.5 million, P42.8 million and P24.3 million in 2013, 2012 and 2011, respectively. Retirement benefits liability amounted to P187.6 million and P238.1 million as at December 31, 2013 and 2012, respectively (see Note 20).

5. Cash and Cash Equivalents

This account consists of:

	2013	2012
Cash on hand and in banks	**P66,782,565**	P72,725,258
Short-term placements	**5,025,385**	3,997,922
	P71,807,950	P76,723,180

Cash in banks earn interest at the respective bank deposit rates.

Short-term placements earn interest at annual average rates of 0.10% to 2.88% in 2013 and 2012 and have average maturities ranging from 30 to 35 days in both years.

6. Receivables

This account consists of:

	2013	2012
Trade	**P182,531,643**	P162,900,113
Others	**31,362,579**	8,814,665
	213,894,222	171,714,778
Less allowance for impairment losses on trade receivables	**22,553,897**	20,283,168
	P191,340,325	P151,431,610

Trade receivables are noninterest-bearing and are generally on a 30-day term.

The receivables classified as "Others" include other receivables from PAGCOR such as for rooms and food and beverage services.

Movements in the allowance for impairment losses on trade receivables are as follows:

	2013	2012
Beginning balance	**P20,283,168**	P22,702,215
Additional impairment loss during the year	**7,969,649**	796,995
Write-off	**(5,698,920)**	(3,216,042)
Ending balance	**P22,553,897**	P20,283,168

7. Inventories

This account consists of the following inventories carried at cost:

	2013	2012
Food and beverage	**P12,819,147**	P14,690,166
Operating supplies	**10,550,155**	12,002,795
Engineering and maintenance supplies	**3,322,279**	3,147,610
	P26,691,581	P29,840,571

The reconciliation of food and beverage inventory as at the beginning and end of the year are presented as follows:

	2013	2012
Beginning inventory	**P14,690,166**	P14,995,767
Purchases	**233,220,264**	262,596,527
	247,910,430	277,592,294
Sold and consumed during the year	**235,091,283**	262,902,128
Ending inventory	**P12,819,147**	P14,690,166

The amount of operating supplies and engineering and maintenance supplies recognized as expense for the period are presented in the consolidated statements of comprehensive income as part of "Other operating departments" and "Repairs and maintenance" accounts, respectively.

8. Prepaid Expenses and Other Current Assets

This account consists of:

	2013	2012
Input VAT	**P32,888,429**	P14,713,176
Advances to employees and suppliers	**13,290,039**	9,745,759
Prepaid taxes	**13,087,124**	4,645,333
Prepaid expenses	**5,349,106**	7,179,426
Others	**3,297,491**	623,298
	P67,912,189	P36,906,992

9. Related Party Transactions

Identity of Related Parties

In the normal course of business, the Group transacts with companies who are considered related parties under PAS 24, *Related Party Disclosures*. The table below shows the relationships with other related parties:

Related Party	Relationship with the Group
TWGI	Ultimate Parent
Pacific Rehouse Corp. (PRC)	Stockholder
Metro Alliance Holdings and Equities Corp. (MAHEC)	Stockholder
Forum Holdings Corporation (FHC)	Stockholder
Philippine Estate (PHES)	Stockholder
Wellex Industries, Inc. (WII)	Under common control

Balances and Transactions with Related Parties

Balances and transactions with Related Parties are presented below in thousands:

Category/Transaction	Year	*Note*	Amount of the Transaction	Outstanding Balance Due from Related Parties	Terms and Conditions
Stockholders					
▪ TWGI (advances, interest and settlement)	**2013**	*a*	**(P110,261)**	**P991,973**	**Unsecured; interest bearing; subject to re-pricing; due in one year subject to renewal; net of allowance for impairment**
	2012		(33,736)	1,102,234	
▪ PRC (advances, interest and settlement)	**2013**	*a*	**(115,186)**	**500,522**	**Unsecured; interest bearing; subject to re-pricing; due in one year subject to renewal**
	2012		90,708	615,708	
▪ MAHEC (advances and interest)	**2013**		**7,034**	**358,758**	**Unsecured; interest bearing; subject to re-pricing; due in one year subject to renewal; net of allowance for impairment**
	2012	*b*	6,898	351,724	
▪ PHES (advances)	**2013**		**47,504**	**94,054**	**Unsecured; non-interest bearing; and due on demand**
	2012	*c*	46,550	46,550	
▪ Others (advances, interest and settlement)	**2013**		**(3,834)**	**56,321**	**Unsecured; interest bearing; subject to re-pricing; due on demand**
	2012	*d*	371	60,155	
Key Management Personnel					
▪ Short-term employee benefits	**2013**		**35,562**	-	-
	2012		40,729	-	-
	2011		39,591	-	-
▪ Post employment benefits	**2013**		**649**	-	-
	2012		642	-	-
	2011		633	-	-
TOTAL	**2013**			**P2,001,628**	
TOTAL	2012			P2,176,371	

a. Advances to TWGI and PRC are due within one year subject to renewal and re-pricing. These advances are used substantially to finance search for possible business opportunities and expansions. TWGI paid P164.5 million in 2013 and P40.0 million in 2012 while PRC paid P125.0 million in 2013 and P18.5 million in 2012.

   Interest charged to TWGI in 2013 and 2012 was 2%, while interest charged to PRC was 2% in 2013 and 3% in 2012. Outstanding allowance for impairment loss on receivables from TWGI amounted to P59.6 million as at December 31, 2013 and 2012.

   Interest income on these advances amounted to P33.5 million, P34.2 million and P26.7 million in 2013, 2012 and 2011, respectively, which are recorded as part of "Interest income" account in the consolidated statements of comprehensive income.

b. In 2004, the Parent Company extended a 4% interest-bearing, collateral free advances to MAHEC amounting to P221.2 million as an additional fund infusion used by the latter in acquiring the petrochemical plant of Bataan Polyethylene Corporation (BPC), through Polymax Worldwide Limited (Polymax), MAHEC's wholly owned subsidiary, and NPC Alliance Corp. (NPCA), a special purpose entity created by Polymax. Subsequently, Polymax sold its 60% interest over the petrochemical plant to and entered into a joint venture agreement with two foreign entities for the operations and management of the petrochemical plant. However, disputes with the co-venturers ensued. Currently, however, a settlement agreement has been concluded.

   The increase in the advances to MAHEC is due to the yearly accrual of interest. In 2009, the Parent Company provided an allowance for impairment losses on these receivables amounting to P17.5 million. The interest charged to MAHEC in 2013, 2012 and 2011 was 2%.

   The advances to MAHEC, which is due and demandable and is interest-bearing, has been the subject of collection efforts by the Parent Company's management. The ultimate amount and timing of collection of these advances is dependent on the fulfillment of the settlement agreement between MAHEC and its co-venturers.

c. As at December 31, 2013 and 2012, the Parent Company has a non-interest bearing, unsecured advances to PHES amounting to P94.1 million and P46.6 million, respectively, with no fixed term of repayment. The said advances to PHES are due and demandable at anytime. The advances are used substantially to finance search for possible business opportunities and expansions.

d. The Parent Company also has outstanding receivables from other stockholders representing advances. The outstanding advances are non-interest bearing and are due on demand.

   The collectability of the aforementioned due from related parties is unconditionally recognized and guaranteed by a stockholder of the Parent Company.

e. In July and August 2005, APHC's BOD approved the conversion of APHC's net receivables from MAHEC and East Asia Oil Company (EAOC) into 86,710,000 shares of stock of WII, an entity under common control, the shares of which are listed in the Philippine Stock Exchange. In accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, APHC classified the investment in WII's shares of stocks as an AFS investment. The aggregate fair market values of WII shares based on its closing market price as at December 31, 2013 and 2012 are P16.9 million and P26.0 million, respectively, resulting in a valuation loss of P9.1 million in 2013 and valuation gain of P3.0 million and P16.8 million in 2012 and 2011, respectively.

10. Business Combination

In July 2011, APHC and CIMAR executed a Memorandum of Agreement (MOA), which effectively settled all pending cases between the two parties involving the collection case and the ejectment case filed by APHC and CIMAR, respectively. In fulfillment of all the terms and conditions of the MOA, CIMAR's stockholders including all their nominees, agree to assign, sell, transfer and convey all existing shares of stock of CIMAR to APHC. Accordingly, in October 2011, CIMAR's stockholders executed deeds of sale, transfer and assignment of shares representing 100% interest over CIMAR in favor of APHC. In consideration, APHC paid US$2.5 million in a series of term payments [US$500 thousand (P21.6 million) in 2011 and US$2 million (P86.3 million) in 2012] plus the carrying value of APHC's receivables from Acesite Limited BVI (ALB), net of APHC's liability to CIMAR, as of acquisition date.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Assets:	
Investment in equity securities	P312,500
Land	650,000,000
Liabilities:	
Accrued expenses and other current liabilities	(350,000)
Deferred tax liability	(190,200,000)
Total Identifiable Net Assets at Fair Value	P459,762,500

The details of the consideration transferred at the acquisition date follow:

Cash	P21,565,000
Contract payable	86,260,000
Net carrying value of receivable from ALB	351,937,500
	P459,762,500

Prior to the acquisition of CIMAR, management and the BOD estimated the maximum recoverable amount of the receivable from ALB, upon consultations with the legal counsels on the status of the discussions with ALB for an impending amicable settlement. Accordingly, in 2011, the APHC's BOD approved a write-off of portion of the receivables amounting to P234.9 million, leaving a net carrying value of P351.94 million which was considered as part of the consideration above.

In July 2011, the Regional Trial Court (RTC) of Manila issued an order granting the joint motion to dismiss the cases filed by the parties.

11. Property and Equipment

Movements in this account are as follows:

	For the Year Ended December 31, 2013								
	Land	**Land Improvements**	**Leasehold Improvements**	**Hotel Buildings and Improvements**	**Furniture, Fixtures and Equipment**	**Operating Equipment**	**Transportation Equipment**	**Construction In Progress**	**Total**
Measurement Basis:	***Revalued***	***Revalued***	***At Cost***	***Revalued***	***Revalued***	***At Cost***	***Revalued***	***At Cost***	
Cost									
Beginning balance	P991,024,000	P14,542,098	P63,561,406	P8,955,941,451	P1,323,901,180	P257,554,227	P29,401,254	P123,800,245	P11,759,725,861
Additions	-	133,091	-	7,744,502	25,436,848	6,337,192	4,143,168	59,859,920	103,654,721
Appraisal increase	42,628,000	4,576,926	-	228,357,731	77,528,046	-	(89,797)	-	353,000,906
Retirement	-	(2,306,690)	-	(1,111,162,023)	(435,987,647)	(11,990,670)	(20,828,025)	-	(1,582,275,055)
Reclassification	-	-	-	169,342,572	245,674	10,008,274	-	(179,596,520)	-
Disposals	-	-	-	(98,085,951)	(2,279,225)	(766,082)	(768,636)	-	(101,899,894)
Ending balance	**1,033,652,000**	**16,945,425**	**63,561,406**	**8,152,138,282**	**988,844,876**	**261,142,941**	**11,857,964**	**4,063,645**	**10,532,206,539**
Accumulated Depreciation and Amortization									
Beginning balance	-	2,258,571	34,456,250	4,082,418,331	970,384,738	179,043,876	28,253,790	-	5,296,815,556
Depreciation and amortization	-	260,684	5,967,438	186,581,023	127,175,609	28,911,455	756,513	-	349,652,722
Retirement	-	-	-	(1,095,691,489)	(453,452,143)	(11,990,670)	(21,140,753)	-	(1,582,275,055)
Reclassification	-	8,293,170	-	(8,293,170)	-	-	-	-	-
Disposals	-	-	-	(34,233,780)	(1,808,125)	(585,801)	(768,636)	-	(37,396,342)
Ending balance	**-**	**10,812,425**	**40,423,688**	**3,130,780,915**	**642,300,079**	**195,378,860**	**7,100,914**	**-**	**4,026,796,881**
Carrying Amount	**P1,033,652,000**	**P6,133,000**	**P23,137,718**	**P5,021,357,367**	**P346,544,797**	**P65,764,081**	**P4,757,050**	**P4,063,645**	**P6,505,409,658**

	For the Year Ended December 31, 2012								
	Land	Land Improvements	Leasehold Improvements	Hotel Buildings and Improvements	Furniture, Fixtures and Equipment	Operating Equipment	Transportation Equipment	Construction In Progress	Total
Measurement Basis:	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*Revalued*	*At Cost*	*Revalued*	*At Cost*	
Gross Carrying Amount									
Beginning balance	P991,024,000	P14,411,148	P70,496,248	P8,926,862,736	P1,490,877,651	P259,092,048	P28,501,288	P32,085,093	P11,813,350,212
Additions	-	130,950	208,035	87,199,924	35,782,722	10,675,542	1,039,966	124,154,127	259,191,266
Reclassifications	-	-	-	32,281,233	890,061	(732,319)	-	(32,438,975)	-
Disposals	-	-	(7,142,877)	(90,402,442)	(203,649,254)	(11,481,044)	(140,000)	-	(312,815,617)
Ending balance	991,024,000	14,542,098	63,561,406	8,955,941,451	1,323,901,180	257,554,227	29,401,254	123,800,245	11,759,725,861
Accumulated depreciation and Amortization									
Beginning balance	-	1,716,778	28,413,278	4,005,445,074	1,049,913,539	165,507,370	27,544,878	-	5,278,540,917
Depreciation and amortization	-	541,793	6,042,972	167,375,699	123,388,134	25,526,064	848,912	-	323,723,574
Reclassifications	-	-	-	-	732,319	(732,319)	-	-	-
Disposals	-	-	-	(90,402,442)	(203,649,254)	(11,257,239)	(140,000)	-	(305,448,935)
Ending balance	-	2,258,571	34,456,250	4,082,418,331	970,384,738	179,043,876	28,253,790	-	5,296,815,556
Carrying Amount	P991,024,000	P12,283,527	P29,105,156	P4,873,523,120	P353,516,442	P78,510,351	P1,147,464	P123,800,245	P6,462,910,305

The carrying amount of property and equipment held under finance lease of WCCCHI and DIHCI as at December 31, 2013 and 2012 amounted to P10.5 million and P14.2 million, respectively (see Note 24).

The property and equipment of the four (4) hotel properties, WCCCHI, APHC, WMCHI, and DIHCI are carried at revalued amounts effective December 31, 2013. The revaluation in 2013 resulted in the increase in the gross carrying amount of property and equipment amounting to P353.0 million.

The Group engaged an independent firm of appraisers to determine the fair value of its property and equipment carried at revalued amounts. Fair value was determined by reference to market-based evidence, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In determining the fair value, an estimate was made in accordance with the prevailing market prices for materials, equipment, labor, and contractor's overhead and all other costs associated with its acquisition while taking into account the depreciation resulting from physical deterioration, functional and economic obsolescence.

Had the property and equipment been carried at cost less accumulated depreciation and amortization, as well as impairment losses, if any, their carrying amounts would have been as follows:

	2013	2012
Hotel buildings and improvements	**P3,773,205,570**	P3,655,561,685
Furniture, fixtures and equipment	**981,314,267**	949,504,530
Land improvements	**11,398,504**	11,265,413
Transportation equipment	**10,503,478**	8,481,626
	4,776,421,819	4,624,813,254
Less accumulated depreciation and amortization	**2,363,241,836**	2,232,736,769
	2,413,179,983	2,392,076,485
Land	**650,515,909**	650,515,909
	P3,063,695,892	P3,042,592,394

On October 15, 2013, the Group suffered damages on property and equipment due to a 7.2 magnitude earthquake. Casualty losses on cost and a write-off of revaluation surplus recognized in the consolidated statements of comprehensive income arising from the said calamity amounted to P44.5 million and P21.0 million, respectively.

As discussed in Note 15 to the consolidated financial statements, the hotel buildings and equipment and furniture, fixtures and equipment of APHC with a total carrying amount of P1.67 billion and P1.7 billion as of December 31, 2013 and 2012, respectively, were used as collateral for APHC's loan with ICBC.

12. Other Noncurrent Assets

This account consists of:

	Note	**2013**	2012
Rent receivable	*23*	**P35,127,421**	P70,206,479
Refundable deposits		**25,333,514**	25,333,514
Special project deposits		**205,750**	16,729,329
Others		**14,006,409**	18,152,512
		P74,673,094	P130,421,834

Special project deposits pertain to deposits granted to contractors in connection with the renovation work at of WCCCHI and APHC.

Others represent input VAT, advances to officers and employees, and deposits to service providers such as security and janitorial services.

13. Accounts Payable and Accrued Expenses

This account consists of:

	Note	**2013**	2012
Trade payables		**P370,907,038**	P440,872,445
Local taxes and output VAT		**41,915,552**	42,775,311
Withholding taxes payable		**18,094,719**	16,753,647
Deferred income		**3,234,337**	23,660,775
Service charges		**2,982,050**	3,455,403
Service charges withheld		**2,888,827**	2,189,660
Due to contractors		**2,793,657**	2,793,657
Guest deposits		**2,678,943**	2,910,724
Unclaimed wages		**510,908**	868,616
Accrued:			
Interest and penalties	*15*	**688,394,280**	627,850,359
Salaries, wages and employee benefits		**12,216,605**	27,657,990
Rent	*24*	**34,975,201**	17,420,099
Utilities		**10,395,652**	681,226
Others		**57,055,274**	48,514,411
		P1,249,043,043	P1,258,404,323

Others include accruals for documentary stamp tax, repairs and maintenance, insurance, professional fees and advertising.

14. Other Current Liabilities

This account consists of:

	Note	**2013**	2012
Current portion of advance rental	*23, 24*	**P58,942,464**	P -
Concessionaires' and other deposits	*24*	**3,941,604**	8,987,140
Current portion of obligations under finance lease	*24*	**1,321,964**	4,096,068
Others		**1,000,000**	1,000,000
		P65,206,032	P14,083,208

Others represent an unsecured short-term loan obtained from a local bank in 1996 with interest at prevailing market rate. The proceeds of the loan were used for the working capital requirements of GIRDI.

GIRDI is a defendant in a collection case filed by a local bank (the plaintiff) involving an unsecured short-term loan obtained. While the case is currently inactive and the latest assessment made by the legal counsel is favorable to GIRDI, the payable is still retained until the case is completely dismissed. Management believes that the carrying value of the liability retained in the books as at December 31, 2013 and 2012 sufficiently represents the amount of possible liability that GIRDI may settle in the event that this case will ultimately be activated and decided against GIRDI.

The pending case mentioned above is not disclosed in detail so as not to prejudice both parties' position on the said dispute.

15. Loans Payable

This account consists of liabilities to the following:

	2013	2012
Current Portion:		
PBB	**P390,625,000**	P -
SSS	**375,000,000**	375,000,000
ICBC	**81,559,455**	314,128,747
	P847,184,455	P689,128,747
Noncurrent Portion:		
ICBC	**P223,380,516**	P -
PBB	**27,916,667**	700,000,000
	P251,297,183	P700,000,000

ICBC Loan

This represents the balance of the US$15 million loan obtained from ICBC under the terms and conditions of a Facility Agreement issued on March 27, 1995 which was amended on September 17, 1997 (collectively, the "Existing Facility Agreement"). The loan underwent several restructurings. The latest restructuring was approved by ICBC on November 12, 2013 after the Group made partial payment of US$700,000. Based on the approved restructured loan, the outstanding loan balance of US$6,917,900 as at December 31, 2013 is scheduled to be paid as follows:

Year	**in US$**
2014	**1,850,000**
2015	**3,372,000**
2016	**1,695,900**
	6,917,900

Other significant teams and conditions of the restructured loan include the following:

- Payment of restructuring fee of US$50,000 upon receipt of restructured loan documents (this is not yet paid as of the end of reporting period pending the copy of the restructured loan documents);

- Annual interest shall be at 3% above SIBOR;

- WPI shall be a corporate guarantor, and shall maintain at least 51% shareholding of the Parent Company throughout the loan tenor;

- The loan is covered a first legal mortgage over the parcel of land owned by CIMAR where the hotel is situated, the hotel building and equipment, and the furniture, fixtures and all other items thereon which belong to the APHC (see Note 11); and

- The loan will be considered in default if no repayment of principal plus interest for two (2) consecutive months.

The reconciliation of the carrying amount of ICBC Loan as at December 31, 2013 follows:

	Principal	Unamortized Restructuring Fee	Net Carrying Value
Current	P82,136,300	(P576,845)	P81,559,455
Noncurrent	225,004,624	(1,624,108)	223,380,516
	P307,140,924	**(P2,200,953)**	**P304,939,971**

SSS Loan
On October 28, 1999, the Parent Company also obtained a five-year term loan from SSS amounting to P375 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3% or 14.5% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight (8) semi-annual payments, after a one-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII, a related party, and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, the total loan obligation to SSS, including penalties and interest, amounted to P605 million. The Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198 million was applied to penalties and interest amounting to P74 million and P124 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.5 million covering the month of August until December 2003, and unpaid interest expense of P32 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within one (1) year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII numbering 235 million and 80 million shares, respectively.

On May 13, 2004, SSS filed a civil suit against the Parent Company for the collection of the total outstanding loan obligation before the RTC of Quezon City. SSS likewise asked the RTC of Quezon City for the issuance of a writ of preliminary attachment on the collateral property.

On June 18, 2004, the RTC of Quezon City issued its first order granting SSS's request and the issuance of a writ of preliminary attachment based on the condition that SSS shall post an attachment bond in the amount of P452.8 million. After the lapse of three (3) months from the issuance of RTC order, no attachment bond has been posted. Thus on September 16, 2004 and September 17, 2004, the Parent Company filed a Motion to Set Aside Order of Attachment and Amended Motion to Set Aside Order of Attachment, respectively.

On January 10, 2005, the RTC of Quezon City issued its second order denying the Parent Company's petition after finding no compelling grounds to reverse or reconsider its initial findings dated June 18, 2004. In addition, since no writ of preliminary attachment was actually issued for failure of SSS to file a bond on the specified date, the RTC granted SSS an extension of fifteen (15) days from receipt of its second order to post the required attachment bond.

On February 10, 2005, SSS filed a Motion for Partial Reconsideration of the Order dated January 10, 2005 requesting that it be allowed to post a real property bond in lieu of a cash/surety bond and asking for another extension of thirty (30) days within which to post the said property bond. On March 7, 2005, the Parent Company filed its opposition to the said Motion.

On July 18, 2005, the RTC of Quezon City issued its third order denying the Parent Company's petition and granted SSS the thirty (30) day extension to post the said attachment bond. Accordingly, on August 25, 2005, the Parent Company filed a Motion for Reconsideration.

On September 12, 2005, the RTC of Quezon City issued its fourth order approving SSS's property bond in the total amount of P452.8 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the Parent Company submitted a Petition for Certiorari before the Court of Appeals (CA) seeking the nullification of the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005.

In a Resolution dated February 22, 2006, the CA granted the Parent Company's petition for the issuance of the Temporary Restraining Order to enjoin the implementation of the orders of the RTC of Quezon City specifically on the issuance of the writ of preliminary attachment.

On March 28, 2006, the CA granted the Parent Company's petition for the issuance of a writ of preliminary injunction prohibiting the RTC of Quezon City from implementing the questioned orders.

On August 24, 2006, the CA issued a decision granting the Petition for Certiorari filed by the Parent Company on November 3, 2005 and nullifying the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005 and consequently making the writ of preliminary injunction permanent.

Accordingly, SSS filed a Petition for Review on Certiorari on the CA's decision before the Supreme Court (SC).

On November 15, 2006, the First Division of the SC issued a Resolution denying SSS's petition for failure of SSS to sufficiently show that the CA committed any reversible error in its decision which would warrant the exercise of the SC's discretionary appellate jurisdiction.

Starting 2006, the Parent Company has been charging WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan. The proceeds of the loan were substantially used in the expansion and improvement of WCCCHI's operations. Penalties are inclusive of legal fees and other related expenses relative to the filing of the deficiency claim against the Parent Company by SSS.

Presently, the Parent Company and SSS are locked in negotiations for the restructuring of the loan. However, with the change in management of SSS, the Parent Company plans to activate the proposed restructuring of the said loan which includes the condonation of interest and penalties. The Parent Company believes that it will be able to restructure the said loan.

In the absence of a formal restructuring agreement, the entire outstanding principal loan balance amounting P375.0 million and accrued interest and penalties (presented as part of "Accrued interest and penalties" account under "Accounts payable and accrued expenses") amounting P686.6 million and P626.7 million as at December 31, 2013 and 2012, respectively, have been classified as current in the consolidated statements of financial position.

PBB

On December 19, 2011, WMCHI entered into a term loan agreement with PBB amounting to P300 million with interest from the date hereof fixed at 12% per annum to be repriced every month and payable in arrears. The loan is contractually payable in lump sum in 2014. WMCHI, however, is allowed to fully or partially pre-terminate the loan. The loan is secured by: a) the assignment of rental receivable from PAGCOR on the leases of the hotel; b) hotel building and other improvements; and c) a real estate property of Pacific Rehouse Corp. (PRC), a related party. The proceeds of the loan shall be used exclusively to repay the remaining loans of The Wellex Group, Inc. (TWGI) with Cameron Granville Asset Management, Inc. (CGAMI). The loan proceeds were subsequently advanced to WPI who ultimately remitted to CGAMI on behalf of TWGI.

In 2012, WCCCHI entered into a term loan agreement with PBB amounting to P250 million. The loan matures in three years and shall bear an interest rate of 10% per annum to be reprised every month and payable in arrears. WCCCHI, however, is allowed to fully or partially pre-terminate the loan. The loan is secured by the assignment of rental payments from PAGCOR on the leases of hotels, plus real estate mortgage on the hotel building and other improvements.

On January 9, 2013, WMCHI entered into another term loan agreement with PBB amounting to P300 million. The loan had been released in four (4) installments starting on January 9, 2013 for P80 million, on February 4, 2013 for P120 million, on March 11, 2013 for P50 million and on April 4, 2013 for P50 million with a stated interest rate fixed at 10% per annum from the date the loan was released to be reprised every month and payable in arrears. The loan will mature in two (2) years and is not secured by any assets or properties. The proceeds of the loan shall be used exclusively for the Phase II renovation costs of APHC. The loan proceeds were subsequently advanced to WPI who ultimately advance the same to APHC.

In 2013, 2012 and 2011, interest expense incurred from the above PBB loans amounted to P80.55 million, P77.4 million and P39.0 million, respectively, and recorded as part of "Interest expense" account in the consolidated statements of comprehensive income.

16. Other Noncurrent Liabilities

The account is broken down as follows:

	Note	2013	2012 (As restated - Note 29)
Advance rental	*23, 24*	**P403,332,530**	P552,486,813
PAGCOR and concessionaires' deposits	*23, 24*	**277,458,446**	263,935,202
Retirement benefits liability	*20*	**187,616,788**	238,100,691
Noncurrent portion of obligations under finance lease	*24*	**1,198,596**	2,520,560
Others		**7,563,501**	2,973,799
		P877,169,861	P1,060,017,065

Retirement benefits liability pertains to the following:

	2013	2012 (As restated - Note 29)
APHC	**P121,972,067**	P140,850,498
WCCCHI	**58,366,469**	66,302,166
WMCHI	**14,681,081**	25,403,928
WHMC	**1,965,226**	2,392,550
WEC	**1,624,286**	1,018,420
WWGI	**1,448,082**	791,442
MBI	**529,680**	507,166
DIHCI	**(12,970,103)**	834,522
	P187,616,788	P238,100,692

17. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit - the Hotel operations and the Marketing operations. The Corporate and Others segment includes general and corporate income and expense items. Segment accounting policies are the same as the policies described in Note 3 to the consolidated financial statements.

The following table presents the revenue and profit information regarding industry segments for the years ended December 31, 2013, 2012 and 2011 and certain asset and liability information regarding industry segments as of December 31, 2013, 2012 and 2011 (in millions):

	Hotel Operations			**Marketing Operations**			**Corporate and Other Operations**			**Eliminations**			**Consolidated**		
	2013	2012 As restated	2011 As restated	**2013**	2012 As restated	2011 As restated	**2013**	2012 As restated	2011 As restated	**2013**	2012 As restated	2011 As restated	**2013**	2012 As restated	2011 As restated
TOTAL REVENUES															
External sales	**P1,866**	P1,879	P1,872	**P -**	P -	P -	**P113**	P120	P124	**P -**	P -	P -	**P1,979**	P1,999	P1,996
RESULTS															
Segment results	**P69**	P183	P56	**P -**	P -	(P1)	**(P81)**	(P32)	(P17)	**P44**	P -	P -	**P32**	P151	P38
OTHER INCOME (LOSS)															
Interest expense	**(164)**	(160)	(86)	**-**	(3)	(2)	**-**	-	(1)	**-**	-	-	**(164)**	(163)	(89)
Interest income	**-**	-	2	**-**	-	-	**34**	41	27	**-**	-	-	**34**	41	29
Benefit from (provision for) income taxes	**1**	14	(28)	**-**	13	-	**(5)**	(9)	(39)	**-**	-	-	**(4)**	18	(67)
Others	**28**	(31)	(69)	**9**	-	-	**-**	(7)	(2)	**-**	-	-	**37**	(38)	(71)
Total Other Income (Loss)	**(135)**	(177)	(181)	**9**	10	(2)	**29**	25	(15)	**-**	-	-	**(97)**	(142)	(198)
Net Income (Loss)	**(P66)**	P6	(P125)	**P9**	P10	(P3)	**(P52)**	(P7)	(P32)	**P44**	P -	P -	**(P65)**	P9	(P160)
OTHER INFORMATION															
Segment assets	**P7,790**	P7,682	P8,011	**P196**	P196	P197	**P5,500**	P5,406	P5,587	**(P4,530)**	(P4,193)	(P4,674)	**P8,956**	P9,091	P9,121
Deferred tax asset	**244**	278	285	**-**	-	-	**4**	3	4	**-**	-	-	**248**	281	289
Consolidated Total Assets	**P8,034**	P7,960	P8,296	**P196**	P196	P197	**P5,504**	P5,409	P5,591	**(P4,530)**	(P4,193)	(P4,674)	**P9,204**	P9,372	P9,410
Segment liabilities	**P4,004**	P4,172	P4,492	**P26**	P24	P22	**P2,552**	P2,403	P2,577	**(P3,229)**	(P2,843)	(P3,305)	**P3,353**	P3,756	P3,786
Deferred liability	**1,253**	1,215	1,247	**-**	-	-	**-**	-	-	**-**	-	-	**1,253**	1,215	1,247
Consolidated Total Liabilities	**P5,257**	P5,387	P5,739	**P26**	P24	P22	**P2,552**	P2,403	P2,577	**(P3,229)**	(P2,843)	(P3,305)	**P4,606**	P4,971	P5,033
Other Segment Information															
Capital expenditures	**P103**	P258	P94	**P -**	P -	P -	**P1**	P1	P4	**P -**	P -	P -	**P104**	P259	P98
Depreciation and amortization	**341**	316	265	**-**	-	-	**8**	8	10	**-**	-	-	**349**	324	275

18. Capital Stock and Non-controlling Interest

Capital Stock

Details of capital stock at December 31, 2013, 2012 and 2011 follow:

	Number of Shares		
	2013	2012	2011
Authorized:			
Common shares at P1 par value	**5,000,000,000**	5,000,000,000	5,000,000,000
Issued and outstanding	**2,498,991,753**	2,498,991,753	2,498,991,753

In 2007, the Parent Company entered into various share swap transactions wherein it issued 553 million of its common shares at par value of P1 per share in exchange for 45.8 million APHC shares at varying market prices (see Note 25).

On July 20, 2007, the BOD resolved to increase the authorized capital stock of the Parent Company to P10 billion with 10 billion shares at par value of P1.00 per share. It was further resolved that the Articles of Incorporation be subsequently amended to reflect the increase in authorized capital. This resolution was ratified by the Parent Company's stockholders owning at least two-thirds of the outstanding capital stock during the annual stockholders' meeting held on August 25, 2007.

In 2009, the BOD passed a resolution temporarily suspending the implementation of the above proposed increase in the authorized capital stock of the Parent Company in abeyance. As at December 31, 2013 and 2012, there is no update on the status of the proposed increase in the authorized capital stock of the Parent Company.

Non-controlling Interest

The details of the Group's material non-controlling interests are as follows (amount in thousands):

	December 31, 2013		December 31, 2012	
	APHC	**GIRDI**	APHC	GIRDI
Percentage of non-controlling interests	**42%**	**46%**	42%	46%
Carrying amount of non-controlling interests	**P517,700**	**P198,594**	P472,019	P198,540
Net income attributable to non-controlling interests	**P4,428**	**P53**	P14,748	P103
Other comprehensive income (loss) attributable to non-controlling interests	**P41,253**	**P -**	P697	P -

The following are the audited condensed financial information of investments in subsidiaries with material non-controlling interest (amounts in thousands):

	December 31, 2013		December 31, 2012	
	APHC	**GIRDI**	APHC	GIRDI
Total assets	**P2,539,645**	**P472,050**	P2,544,604	P472,321
Total liabilities	**(1,307,026)**	**(40,324)**	(1,420,750)	(40,712)
Net assets	**P1,232,619**	**P431,726**	P1,123,854	P431,609
Revenue	**P575,451**	**P1,536**	P536,503	P1,685
Net income	**P10,542**	**P117**	P35,115	P224
Other comprehensive income (loss)	**98,222**	**-**	1,660	-
	P108,764	**P117**	P36,775	P224
Cash flows provided by (used in) operating activities	**(P3,275)**	**P -**	P133,397	P -
Cash flows provided by (used in) investing activities	**50,689**	**-**	(109,663)	-
Cash flows provided by (used in) financing activities	**(43,232)**	**-**	(45,167)	-
NET INCREASE (DECREASE) IN CASH	**P4,182**	**P -**	(P21,433)	P -

19. Other Costs and Expenses

This account consists of:

	2013	2012	2011
Security and other services	**P47,133,435**	P37,303,731	P44,866,679
Taxes and licenses	**41,395,085**	41,628,923	41,486,523
Corporate expenses	**37,056,091**	36,439,066	43,311,460
Supplies	**31,620,097**	27,972,540	27,217,331
Advertising	**30,746,927**	36,552,612	30,264,484
Representation and entertainment	**19,931,526**	24,019,512	17,340,140
Transportation and travel	**16,733,529**	19,359,166	5,670,033
Data processing	**15,424,244**	11,559,905	10,652,146
Insurance	**15,218,799**	14,855,852	14,448,891
Communications	**12,781,834**	12,910,006	11,266,038
Professional fees	**12,163,764**	10,659,767	11,464,267
Commissions	**10,430,524**	10,567,279	10,257,763
Fuel and oil	**9,699,388**	11,391,832	17,528,762
Medical expenses	**4,402,429**	5,330,966	6,844,698
Reservation	**4,311,148**	4,457,103	5,493,448
Guest amenities	**3,710,362**	2,955,323	8,581,517
Meeting expenses	**2,648,993**	2,086,103	1,752,262
Guest and laundry valet	**2,050,030**	3,084,691	5,592,095
Trainings and seminars	**1,219,166**	7,686,842	2,231,718
Membership dues	**931,834**	3,807,381	377,130
Recruitment	**892,425**	874,032	2,419,913
Uniforms	**396,060**	896,648	2,317,216
Fines and penalties	**126,571**	-	1,530,849
Decorations	**-**	515,252	1,012,372
Banquet expenses	**-**	108,550	2,754,336
Miscellaneous	**16,780,938**	23,169,620	6,792,632
	P337,805,199	P350,192,702	P333,474,703

20. Retirement Benefits Costs

Certain subsidiaries have non-contributory, defined benefit plan covering substantially all of its regular employees with at least five years of continuous service. The benefits are based on percentage of the employee's final monthly salary for every year of continuous service depending on the length of stay. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Net retirement benefits costs recognized in profit or loss for the years ended December 31, 2013, 2012 and 2011 amounted to P36.5 million, P42.8 million and P24.3 million, respectively, and is presented as part of "Personnel Cost" account in the consolidated statements of comprehensive income.

The latest independent actuarial valuation of the plan was as at December 31, 2013, which was prepared using the projected unit credit method in accordance with PAS 19, *Employee Benefits*. The plan is administered by independent trustees with assets held consolidated from those of the Group.

The plan is registered with the Bureau of Internal Revenue (BIR) as a tax-qualified plan under Republic Act No. 4917, as amended.

The reconciliation of the retirement benefits liability included under "Other noncurrent liabilities" account in the consolidated statements of financial position is shown below:

2013	Fair Value of Plan Asset	Defined Benefit Obligation	Asset Ceiling Adjustment	Retirement Benefits Liability
Balance, January 1, 2013	P72,351,826	(P310,452,517)	P -	(P238,100,691)
Included in Profit or Loss				
Current service (cost)	-	(23,098,060)	-	(23,098,060)
Net interest income (cost)	4,450,506	(17,830,643)	-	(13,380,137)
	4,450,506	(40,928,703)	-	(36,478,197)
Included in Other Comprehensive Income				
Remeasurement gains (losses) of plan assets:				
1. Actuarial gains (losses) arising from:				
▪ Changes in financial assumptions	-	(24,920,682)	-	(24,920,682)
▪ Changes in demographic assumptions	-	46,401,327	-	46,401,327
▪ Experience adjustments	-	49,574,409	-	49,574,409
2. Return on plan assets excluding interest income	2,974,098	-	-	2,974,098
3. Effect of asset ceiling	-	-	(1,942,709)	(1,942,709)
	2,974,098	71,055,054	(1,942,709)	72,086,443
Others:				
Contributions paid by the employer	11,000,000	-	-	11,000,000
Benefits paid from:				
Plan assets	(2,617,910)	2,705,230	-	87,320
Book reserves	-	3,788,337	-	3,788,337
	8,382,090	6,493,567	-	14,875,657
Balance, December 31, 2013	P88,158,520	(P273,832,599)	(P1,942,709)	(P187,616,788)

2012 (As Restated)	Fair Value of Plan Asset	Defined Benefit Obligation	Retirement Benefits Liability
Balance, January 1, 2012	P59,920,951	(P276,579,015)	(P216,658,064)
Included in Profit or Loss			
Current service (cost)	-	(28,843,715)	(28,843,715)
Net interest income (cost)	4,592,539	(18,554,534)	(13,961,995)
	4,592,539	(47,398,249)	(42,805,710)
Included in Other Comprehensive Income			
Remeasurement gains (losses) of plan assets:			
1. Actuarial gains (losses) arising from:			
▪ Changes in financial assumptions	-	(981,674)	(981,674)
▪ Changes in demographic assumptions	-	849,900	849,900
▪ Experience adjustments	-	970,524	970,524
2. Return on plan assets excluding interest income	1,056,733	-	1,056,733
	1,056,733	838,750	1,895,483
Others			
Contributions paid by the employer	13,800,000	-	13,800,000
Benefits paid from:			
Plan assets	(7,018,397)	8,077,949	1,059,552
Book reserves	-	4,608,048	4,608,048
	6,781,603	12,685,997	19,467,600
Balance, December 31, 2012	P72,351,826	(P310,452,517)	(P238,100,691)

The retirement cost is recognized as part of the "Personnel costs" account in the consolidated statements of comprehensive income.

The categories of plan assets and their composition follow:

	2013	2012
Investment in government securities	**P56,991,273**	P53,699,288
Deposit in banks	**14,468,925**	3,325,083
Investment in other securities and debt instruments	**3,052,847**	2,247,619
Debt instruments - government bonds	**2,850,071**	1,010,135
Cash and cash equivalents	**2,016,180**	2,951,352
Equity instruments	**245,862**	481,248
Real estate	**218,670**	230,558
Debt instruments - other bonds	**100,271**	117,859
Other receivables	**8,323,677**	7,377,359
	P88,267,776	P71,440,501

The principal actuarial assumptions at reporting date are as follow:

	2013	2012
Discount rate	**4.5% - 5.3%**	5.6% - 6.8%
Salary increase rate	**5.0% -10.0%**	5.0% - 10.0%

Assumptions regarding the mortality and disability rates are based on the 2001 CSO Table - Generational (Scale AA, Society of Actuaries) and the Disability Study, Period 2, Benefit 5 (Society of Actuaries), respectively.

The weighted-average duration of the defined benefit obligation is 20.2 years and 21.2 years as at December 31, 2013 and 2012, respectively.

Maturity analysis of the benefit payments:

	2013				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1-5 Years**	**Within 10 Years**
Retirement liability	**P273,832,599**	**P137,722,203**	**P407,224**	**P29,394,094**	**P107,920,885**

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Defined Benefit Obligation	
	+1%	-1%
Discount rate	P26,180,703	(P20,251,708)
Salary increase rate	31,258,466	(26,877,226)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Asset-liability Matching
The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan liabilities.

Funding Policy
The Group is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund are at the Group's discretion. However, in the event a benefit claim arises and the retirement fund is insufficient to pay the claim, the shortfall will be paid by the Group directly to the employee-retiree.

21. Income Taxes

The components of the Group's income tax expense (benefit) are as follows:

	2013	2012 (As restated - Note 29)	2011 (As restated - Note 29)
Recognized in Profit or Loss			
Current	**P53,338,161**	P63,016,285	P111,197,142
Deferred	**(49,386,050)**	(24,270,093)	(83,001,558)
	P3,952,111	P38,746,192	P28,195,584
Recognized in Other Comprehensive Income			
Deferred	**P120,863,334**	P205,487	(P2,567,635)

The reconciliation of the income tax amounts computed at the statutory tax rate to the actual income tax benefit shown in the consolidated statements of comprehensive income is as follows:

	2013	2012	2011
Income (loss) before income tax	**(P61,379,405)**	P47,755,746	(P131,925,878)
Income tax expense (benefit) at 30%	**(P18,413,822)**	P14,326,724	(P39,577,763)
Additions to (reductions in) income tax resulting from the tax effects of:			
Changes in unrecognized DTA	**13,620,874**	7,489,701	6,108,318
Nondeductible expenses	**11,708,416**	20,881,617	58,357,606
Loss (income) not subjected to income tax	**(2,963,244)**	(3,951,707)	3,307,423
Realization of previously unrecognized deferred tax on NOLCO	**(113)**	(143)	**-**
	P3,952,111	P38,746,192	P28,195,584

The movements for the deferred tax assets and liabilities are as follows:

December 31, 2013	**Balance January 1 2013**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Balance December 31 2013**
Deferred tax liabilities:				
Revaluation surplus on property and equipment	**P1,158,090,532**	**(P50,729,235)**	**P99,592,841**	**P1,206,954,138**
Rental receivable	**34,332,449**	**(5,687,966)**	**-**	**28,644,483**
Unamortized premium on security deposit	**22,334,928**	**(5,318,117)**	**-**	**17,016,811**
	1,214,757,909	**(61,735,318)**	**99,592,841**	**1,252,615,432**
Deferred tax assets:				
Rent received in advance	**146,902,224**	**(27,063,545)**	**-**	**119,838,679**
Retirement liability	**70,712,445**	**6,253,515**	**(21,270,493)**	**55,695,467**
Unrealized foreign exchange loss	**35,301,532**	**3,348,768**	**-**	**38,650,300**
Allowance for impairment losses on receivables	**6,084,950**	**681,217**	**-**	**6,766,167**
NOLCO	**1,383,305**	**(712,693)**	**-**	**670,612**
Unamortized past service cost	**1,670,225**	**1,618,953**	**-**	**3,289,178**
MCIT	**961,803**	**1,052,016**	**-**	**2,013,819**
Accrued rent expense	**1,594,587**	**(101,969)**	**-**	**1,492,618**
Unearned revenues	**16,534,372**	**2,564,856**	**-**	**19,099,228**
Accrued restructuring cost on loan	**-**	**9,614**	**-**	**9,614**
	281,145,443	**(12,349,268)**	**(21,270,493)**	**247,525,682**
	P933,612,466	**(P49,386,050)**	**P120,863,334**	**P1,005,089,750**

December 31, 2012	Balance January 1 2012	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance December 31 2012
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P1,194,930,430	(P36,839,898)	P -	P1,158,090,532
Rental receivable	24,327,699	10,004,750	-	34,332,449
Unamortized premium on security deposit	27,309,400	(4,974,472)	-	22,334,928
	1,246,567,529	(31,809,620)	-	1,214,757,909
Deferred tax assets:				
Rent received in advance	150,066,813	(3,164,589)	-	146,902,224
Retirement liability	64,120,786	6,797,146	(205,487)	70,712,445
Unrealized foreign exchange loss	45,397,170	(10,095,638)	-	35,301,532
Allowance for impairment losses on receivables	6,810,664	(725,714)	-	6,084,950
NOLCO	1,936,888	(553,583)	-	1,383,305
Unamortized past service cost	2,351,578	(681,353)	-	1,670,225
MCIT	124,970	836,833	-	961,803
Accrued rent expense	1,579,098	15,489	-	1,594,587
Unearned revenues	16,502,490	31,882	-	16,534,372
	288,890,457	(7,539,527)	(205,487)	281,145,443
	P957,677,072	(P24,270,093)	P205,487	P933,612,466

Deferred tax assets have not been recognized by certain subsidiaries in respect of the following items in the table below because it is not probable that future taxable profits will be available against which the subsidiaries can utilize the benefits thereon prior to their expiration or reversal.

	2013		2012	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect
NOLCO	**P48,408,673**	**P14,522,602**	P42,194,503	P12,658,351
Accrued rent expense	**5,924,133**	**1,777,240**	6,391,828	1,917,548
Retirement liability	**1,965,231**	**589,569**	2,392,542	717,763
MCIT	**5,311,481**	**5,311,481**	842,285	842,285
	P61,609,518	**P22,200,892**	P51,821,158	P16,135,947

Details of NOLCO are as follows:

			Applied			
Year Incurred	Expiry Date	NOLCO	Prior Years	Current Year	Expired Amount	Remaining Amount
2013	December 31, 2016	P17,788,390	P -	P -	P -	P17,788,390
2012	December 31, 2015	17,929,517	-	-	-	17,929,517
2011	December 31, 2014	14,926,140	-	-	-	14,926,140
2010	December 31, 2013	13,949,863	14,280	-	13,935,583	-
		P64,593,910	P14,280	P -	P13,935,583	P50,644,047

Certain subsidiaries were required to pay MCIT under existing tax regulations. The MCIT payments and the applicable years that these will be deductible from future RCIT payable are shown below:

Year Incurred	Expiry Date	MCIT	Applied: Prior Years	Applied: Current Year	Expired Amount	Remaining Amount
2013	December 31, 2016	P6,331,490	P -	P -	P -	P6,331,490
2012	December 31, 2015	846,792	-	-	-	846,792
2011	December 31, 2014	147,018	-	-	-	147,018
2010	December 31, 2013	810,278	-	-	810,278	-
		P8,135,578	P -	P -	P810,278	P7,325,300

22. Loss Per Share (LPS)

The LPS are computed as follows:

	2013	2012	2011
Net loss attributable to equity holders of the Parent	**(P69,813,828)**	(P5,922,606)	(P119,639,087)
Weighted number of shares outstanding	**2,498,991,753**	2,498,991,753	2,498,991,753
LPS - basic and diluted	**(P0.028)**	(P0.002)	(P0.048)

There are no potentially dilutive shares as of December 31, 2013, 2012 and 2011. Accordingly, diluted LPS is the same as basic LPS.

23. Lease Agreements with PAGCOR

In compliance with the decision of the Board of Arbitrators rendered on January 28, 2003, PAGCOR and the Parent Company (together with WCCCHI and WMCHI) executed an Amended Contract of Lease (ACL) on January 31, 2003, which entirely superseded the Original Contract of Lease (OCL) of September 13, 1995, and revoked the exclusive right of the Parent Company (together with WCCCHI and WMCHI) to provide the sole venue for land-based casinos of PAGCOR in the Province of Cebu under a memorandum of agreement. The new lease period retroacts to January 1, 2001, and shall remain in force until December 31, 2008, unless sooner shortened or renewed, upon mutual agreement of the parties.

The ACL mandated for a straight rental of P1,200 per square meter of floor area, subject to a 5% cumulative increase computed on an annual basis commencing on the fourth year. This provision completely replaced the marketing incentive fee as stipulated in the OCL. In addition, the ACL provided for the immediate payment of PAGCOR of its lease rentals from January 1, 2001 to December 31, 2002 based on the new rate, net of amounts already paid. Likewise, PAGCOR agreed to pay refundable deposits starting in 2003, which amount shall be maintained at all times. Furthermore, PAGCOR will pay a sum equal to the total rental payments previously made for the years 2001, 2002 and 2003 under the OCL, which sum shall be considered as cash advances.

PAGCOR also agreed to pay WCCCHI and WMCHI security deposit equivalent to the one year rental based on monthly rentals for 2004, which amount shall be maintained at all times. The security deposit is recorded as part of “PAGCOR and concessionaires’ deposits” account under “Other noncurrent liabilities” in the consolidated statements of financial position (see Note 16).

In 2007, WCCCHI also executed a contract of lease with PAGCOR, whereby the latter shall lease an area of 883.38 square meters, more or less, of air-conditioned space at the ground floor of WCCCHI’s hotel. The contract shall commence on the date PAGCOR starts its slot machines operations and shall be valid until the expiration of the present charter of PAGCOR on July 11, 2008. PAGCOR shall pay a cash deposit equivalent to six months lease rental and shall pay a monthly rental of P729 per square meter, subject to 5% escalation rate starting on its second year. On March 15, 2008, the lease contract was amended stating that the contract of lease shall commence on the date PAGCOR started its commercial operations, which was on March 15, 2008, and shall be valid for two years.

On July 31, 2008, PAGCOR requested for a refund of security deposit from surrendered areas at WCCCHI amounting to P48.1 million, inclusive of interests and charges. The reconciliation of the final amount due will be based on the computation of interests and penalties and will be paid on the date of final payment of the PAGCOR loan.

On September 3, 2008, WCCCHI & WMCHI renewed the ACL with PAGCOR for two (2) years and six (6) months. Monthly rental shall be at P1,531.54 per square meter of the main area and P1,458.61 per square meter of the chip washing area at WMCHI, subject to a 5% annual escalation rate starting on its second year of the renewal of the contract of lease. In addition, PAGCOR shall pay an advance rental of six (6) months which shall be applied to the rentals due for the first six months of the lease period of the renewal of the contract of lease. Moreover, the security deposit placed by PAGCOR shall also be updated based on the monthly rental rate in the renewed contract of lease. The updating shall cover only the period of six (6) months and shall be paid upon the execution of the contract.

On February 12, 2009, the renewal contract was amended extending the lease period from two (2) years and six (6) months to three (3) years and six (6) months. The annual escalation rate was also amended to apply only on the second and third year of the lease period.

APHC also had a lease agreement with PAGCOR which was renewed on September 15, 2008, for two (2) years and six (6) months. Monthly rental rate is subject to 5% annual escalation starting on the second year of the renewal of the contract of lease. Monthly rental shall be P2,378.03 per square meter of the main area and P1,132.40 per square meter of the expansion area, both covering a floor area totaling 9,234.37 square meters. PAGCOR shall also pay APHC an advance rental of six (6) months to be paid upon execution of the renewed contract of lease and shall be applied to the rentals due for the first six (6) months.

Moreover, the security deposit placed by PAGCOR shall also be updated based on the monthly rental rate in the renewed contract of lease. The updating shall cover only the period of three (3) months for the Main area and six (6) months for the expansion and shall be paid upon the execution of the contract.

On February 12, 2009, the renewal contract was amended extending the lease period from two (2) years and six (6) months to three (3) years and six (6) months. The annual escalation rate was also amended to apply only on the second and third year of the lease period.

On December 1, 2010, PAGCOR and APHC amended the lease contract, otherwise known as the Omnibus Amended Lease Contract (OALC) extending the lease term and expanding the lease area. The OALC shall cover the Main Area (7,093.05 sq. m.), Expansion Area A (2,130.36 sq. m.), Expansion Area B (3,069.92 sq. m.) and Air Handling Unit (AHU) Area (402.84 sq. m.) for a total lease area of 12,696.17 square meters. The lease period for the Main Area, Expansion Area A and AHU Area shall commence upon the signing of the lease agreement until December 16, 2016. While Expansion Area B shall commence ten (10) months after the turnover of the Expansion Area B to the lessee or the commencement of commercial gaming operations in the Expansion Area B, whichever comes earlier, and shall terminate on December 31, 2016. The OALC may be renewed at the option of the lessee under such terms and conditions as may be agreed upon by the parties.

The monthly rent to be applied on the leased areas are as follows: Main Area shall be P2,621.78 per square meter, Expansion Area A shall be P1,248.47 per square meter, Expansion Area B shall be P1,600 per square meter and the AHU Area shall be free of rent. Annual escalation rate of 5% shall be applied on the third and fourth year of the lease.

Upon the execution of the OALC, PAGCOR shall pay six (6) months advance rental or P127.54 million for the Main Area and Expansion Area A, which shall be applied to the rent due on the first six months of the last year of the lease term. Further, PAGCOR shall pay advance rental on Expansion Area B amounting to P58.94 million or equivalent to one (1) year rent.

Relative to the OALC, the existing refundable security deposits amounting to P131.89 million received by the APHC upon the execution of the prior contracts were retained by the APCH. These deposits were presented as part of “Other noncurrent liabilities” account in the consolidated statements of financial position and were carried at its present value of P84.55 million computed using an effective interest rate of 8% over the term of the OALC. Consequently, a day-one gain, net of the discount amortization, amounting to P47.99 million was recognized in 2010 as accretion income and was presented as part of “Rent and related income” account in the consolidated statements of comprehensive income. The amortized cost of the refundable security deposits was determined by calculating the present value of the cash flows anticipated until the end of the lease term using the interest rate of 8%. As the deposit does not have an active market, the underlying interest rate was determined by reference to market interest rates of comparable financial instruments.

On February 16, 2009, APHC assigned its future rental receivables from PAGCOR in payment of the loan of PRC and the loan of WMCHI from PBB.

Also in 2010, WCCCHI and PAGCOR agreed to reduce the area leased by the latter by 2,267 square meters thereby decreasing the security deposit accordingly.

On March 21, 2011, WCCCHI and PAGCOR renewed the lease contract for the Main Area, Slot Machine Expansion Area, Mezzanine and 5th Floor Junket Area. The lease period for the Main Area and Slot Machine Expansion Area shall be for five (5) years and five (months) and five (5) years and four (4) months, respectively, and shall commence on March 3, 2011 and March 16, 2011 for the Main Area and Slot Machine Expansion Area, respectively. The lease for the Mezzanine shall commence within ten (10) months after the execution of this contract, or simultaneously with the commencement of commercial gaming operations in the said Area. The lease for the 5th Floor Junket Area shall commence upon the execution of this lease contract for an initial period of one (1) year and within the said period, the lessee shall inform the lessor in writing whether the lessee will continue the lease over the said area or terminate the same.

The monthly rental to be applied on the leased areas are as follows: the Main area, Slot Machine Expansion Area and Mezzanine shall be P1,772.96 per square meter . The 5th Floor Junket Area shall be rent free for a period of one (1) year from the execution of the lease contract. In the event that the lease over the 5th Floor Junket Area is continued by the lessee, the parties shall agree on the monthly rent and the duration of the lease for the said area.

The lessee shall pay the lessor a six (6) months advance rental payment totaling P120.7 million upon execution of the Lease Contract. The advance rental payments shall be applied to the rent due on the leased premises for the first six (6) months of the last year of the lease. Starting on January 3, 2013 and every year thereafter, the monthly rent for the Main Area, Slot Machine Expansion Area and the Mezzanine, shall be adjusted by five percent (5%).

Also, on March 21, 2011, WMCHI and PAGCOR have amended the said contract in order to simplify, reconcile and update the terms and conditions of the Contract of Lease and its amendments. The lease shall commence on March 3, 2011 until August 2, 2016 or an extended period of five (5) years and five (5) months. Monthly rental shall be at P1,772.96 per square meter of the main area and P1,688.53 per square meter of the chip washing area subject to a 5% escalation rate starting on January 3, 2013 and every year thereafter. In addition, PAGCOR shall pay a six (6) months advance rental or P50.2 million for the main casino area and six (6) months advance rental payment, or P12.6 million, for the Chip washing area, or a total advance rental of P62.8 million, upon execution of the Lease Contract. The advance rental payments shall be applied respectively to the rent due on the main casino area and chip washing area for the first six months of the last year of the lease.

Future rental receivables arising from non-cancellable operating lease agreements with PAGCOR by WCCCHI, APHC and WMCHI are as follows:

	2013	2012
Less than one year	**P721,763,397**	P707,019,919
Between one and five years	**1,307,936,312**	2,036,281,618
	P2,029,699,709	P2,743,301,537

Rental income from the lease contracts, recognized in the consolidated statements of comprehensive income on a straight-line basis consistently in 2013, 2012 and 2011, amounted to P882.8 million, P778.0 million and P750.0 million, respectively.

24. Other Lease Agreements

Land under Operating Lease

On September 15, 1994, Waterfront Hotel and Resort Sdn. Bhd. (WHR), a former related party, executed a lease contract with Mactan Cebu International Airport Authority (MCIAA) for the lease of certain parcels of land where the hotels were constructed. On October 14, 1994, WHR assigned its rights and obligations on the MCIAA contracts to WCCCHI and WMCHI.

WCCCHI and WMCHI shall pay MCIAA fixed rentals per month plus a 2% variable rent based on the annual gross revenues of WCCCHI and WMCHI, as defined in the agreements. The leases are for a period of 50 years, subject to automatic renewal for another 25 years, depending on the provisions of the applicable Philippine laws at the time of renewal.

Fixed and non-cancellable operating lease rentals are payable to MCIAA as follows:

	2013	2012
Less than one year	**P13,793,443**	P13,793,443
Between one and five years	**61,573,265**	61,573,265
More than five years	**330,874,977**	344,668,420
	P406,241,685	P420,035,128

Total annual rent expense recognized in profit or loss amounted to P99.1 million, P102.7 million and P104.1 million in 2013, 2012 and 2011, respectively.

Land under Finance Lease

In the period prior to October 2011, APHC and CIMAR entered into a finance lease agreement. Accordingly, APHC recognized the lease asset, "Land under finance lease," and lease liability, "Obligations under finance lease."

Series of disputes ensued between ALB (former parent company of CIMAR) whereby CIMAR filed an ejectment case and demanded possession of land plus interest.

As disclosed in Note 10, APHC executed a MOA with CIMAR to amicably settle all pending cases and controversies between the two parties. As part of the amicable settlement with ALB and CIMAR, the existing accrued interest on the lease liability of APHC to CIMAR prior to acquisition date formed part of (netted from) the total net consideration when the APHC acquired CIMAR. Moreover, the land and the corresponding lease liability were derecognized in 2011 as the consequence of the acquisition of CIMAR and the cancellation of the finance lease liability. This resulted to the reduction of the "Revaluation surplus on property and equipment" and of the "Non-controlling interest."

In July 2011, the RTC of Manila issued an order granting the joint motion to dismiss the ejectment case filed by APHC and CIMAR.

Equipment under Finance Lease

DIHCI leased a certain equipment for a monthly fee of P125,000 starting November 2005 for 10 years from Edward Marcs Philippines, Inc. (EMPI). At the end of the 10-year lease period, EMPI shall transfer to DIHCI, free from any lien or encumbrance created by EMPI and without any payment of any compensation, all its rights, title and interest in and to the equipment.

At the inception of the lease, DIHCI capitalized the equipment and recognized the related lease liability equivalent to the present value of the total expected lease payments determined at P9,763,129. Depreciation expense recognized in the consolidated statements of comprehensive income for the each of the years ended December 31, 2013, 2012 and 2011 related to the leased equipment amounted to P976,319.

Reconciliations between the total of future minimum lease payments and their present value as of December 31, 2013 and 2012 are as follows:

		December 31, 2013		
	Note	**Future Minimum Lease Payments**	**Imputed Finance Charges**	**Present Value of Future Minimum Lease Payments**
Less than one year	*14*	**P1,500,000**	**P178,036**	**P1,321,964**
Between one and five years	*16*	**1,250,000**	**51,404**	**1,198,596**
		P2,750,000	**P229,440**	**P2,520,560**

		December 31, 2012		
	Note	Future Minimum Lease Payments	Imputed Finance Charges	Present Value of Future Minimum Lease Payments
Less than one year	*14*	P1,500,000	P294,407	P1,205,593
Between one and five years	*16*	2,750,000	229,439	2,520,561
		P4,250,000	P523,846	P3,726,154

The carrying value of the leased asset amounted to P2.5 million and P3.7 million as at December 31, 2013 and 2012, respectively (see Note 11).

On August 22, 2006, WCCCHI executed a lease-to-own contract with Philippine Long Distance Telephone Company (PLDT) for a PABX Nortel Option 81C for its telecommunications requirements with initial configuration of 50 trunks with 1022 local lines. WCCCHI made a down payment of P1.4 million in January 2007 upon acceptance of the PABX equipment and shall pay the remaining balance in a fixed minimum monthly lease payments of P370,000 for a period of 80 months. Upon full payment of the pre-termination penalty and all amounts due owing to PLDT under the executed contract, PLDT shall transfer ownership over the PABX Equipment and issue the documents necessary for ownership transfer to WCCCHI at the end of the term of lease agreement.

Total future minimum lease payments payable to PLDT amounted to nil and P2.98 million while their present values amounted to nil and P2.89 million as of December 31, 2013 and 2012, respectively.

Net carrying amount of PABX equipment as at December 31, 2013 and 2012 is P8.0 million and P10.5 million, respectively (see Note 11).

Lease Agreements with Concessionaires

WCCCHI, WMCHI, DIHCI and APHC have lease agreements with concessionaires of the commercial spaces available in hotels. These agreements typically run for a period of less than one year, renewable upon the mutual agreement of the parties.

Total rent income with concessionaires amounted to P398.2 million, P385.7 million and P305.6 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Lease Agreements Entered into by MBI

a. *Lease of Offices Spaces*
In May 2006, MBI entered into a contract of lease with TT&T Development, Inc. for the lease of the ground and second floors of its commercial building located at Rizal Avenue, Sta. Cruz, Manila. The covering lease agreement requires MBI to pay a monthly fixed rental of P368,000 with 5% annual increase starting on the second year of the lease term. The lease is for ten (10) years, subject to renewal upon such terms and conditions mutually acceptable to both parties.

Future minimum lease payments relative non-cancellable operating lease agreement follows:

	2013	2012
Less than one year	**P6,420,881**	P6,115,124
Between one and five years	**9,025,480**	15,446,360
	P15,446,361	P21,561,484

b. *Lease of Slot Machines to PAGCOR*
On January 31, 2007, Dynamo, a foreign corporation duly organized, existing and registered at the British Virgin Islands (represented by MBI), as lessor, entered into a contract of lease and variation agreement with PAGCOR, as lessee, for the lease of the slot machine VIP Club at the Universal Park Mall Building in Sta. Cruz, Manila. The covering lease agreement requires the lessee to pay the lessor a monthly variable rent equivalent to 40% of the slot machines' gross revenues after deducting the player's winnings/prizes and all applicable taxes. The lease agreement of Dynamo with PAGCOR was assigned by Dynamo to MBI on February 22, 2008.

c. *Lease of Slot Gaming Machines*
On November 13, 2007, Dynamo, represented by MBI, entered into a Memorandum of Agreement (MOA) with Elixir, for the 10-year lease of 240 new units of electronic gaming machines for installation and operation in Universal Park Mall Building located at Rizal Avenue, Sta. Cruz, Manila. The MOA requires Dynamo to pay rent amounting to 25% of monthly net winnings after 5% franchise tax for the first 36 months and 23% of monthly net winnings after 5% franchise tax for the succeeding months.

On October 23, 2009, the parties amended the MOA, with retroactive effect to October 1, 2008 and until the termination or expiration of the same. The new share rate which replaces the original share rate is a progressive rate of sharing of the monthly net winnings which requires Dynamo to pay rent amounting to 18% of the first P15 million, 20% for any amount in excess of P15 million but up to P20 million, and 23.75% for any amount in excess of P20 million.

Total rent expense for lease of slot machine and slot gaming machines amounted to P44.6 million in 2013, P46.9 million in 2012 and P52.8 million in 2011.

d. *Deed of Assignment*
On February 22, 2008, Dynamo executed a deed of assignment in favor of MBI whereby Dynamo has given complete authority to MBI to manage and operate the business operations in the Philippines, more specifically those pertaining to the casino-related operations with PAGCOR. Under the deed of assignment, Dynamo agrees to assign the revenues pertaining to dealings with PAGCOR and the lease of the electronic gaming machines to MBI. In exchange for this arrangement MBI agreed to have future joint international business cooperation with Dynamo.

25. Acquisition of APHC Shares

On February 17, 2003, the Parent Company acquired 74,889,231 shares or 75% of the issued and outstanding capital stock of APHC effected through a cross-sale in the Philippine Stock Exchange.

In 2006, WPI sold its investments in APHC shares totaling 51 million shares at varying selling prices through the PSE. Majority of the sale transactions were made with parties that were relatively owned and/or have related party relationship with TWGI, the ultimate parent company. Total proceeds from the sale transactions, net of related expenses and taxes, amounted to P123.6 million. Gain on sale of APHC shares amounting to P36.6 million was recognized in the consolidated statements of comprehensive income as part of “Other revenues” account.

On November 4, 2006, the Parent Company purchased additional 1.55 million of APHC shares at a total cost of P7.8 million.

Total proceeds from the sale transactions less the total purchase cost of the additional shares amounting to P115.8 million, which was provided to TWGI as cash advance, was recorded as receivable from TWGI and part of “Due from related parties” account in the consolidated statements of financial position (see Note 9a).

As at December 31, 2006, the Parent Company’s equity interest in APHC decreased from 75% in 2005 to 24%.

In 2007, the Parent Company entered into various share swap transactions wherein it issued 553 million of its primary shares at par value of P1 per share in exchange for 45.8 million APHC shares at varying market prices (see Note 18). The transaction was taken up by the Parent Company as an increase in its investments in APHC at book value of net assets acquired amounting to P504 million. As a result, the Parent Company’s equity interest in APHC increased to 75% from 24% in 2006.

In 2008, the Parent Company sold its investments in APHC totaling 4,900,000 shares at varying selling prices through the PSE. Total proceeds from the sale transactions, net of related expenses and taxes, amounted to P48.2 million. Gain on sale of APHC shares amounting to P10.1 million was recognized in profit or loss. The total proceeds from the sale transaction amounting to P48.2 million, which was provided to TWGI as cash advances was recorded as receivable from TWGI and part of the “Due from related parties” account in the consolidated statements of financial position (see Note 9).

In 2011, the Parent Company sold 4,700,000 shares representing 10% interest at a selling price of P3 per share. Total proceeds from the sale transactions amounted to P14.1 million. Loss on sale of APHC shares amounting to P40.54 million is recognized in the consolidated statements of comprehensive income. After the sale, the Parent Company's equity interest in APHC is reduced to 59% from 69% in 2010. The sale resulted to the adjustment of the "Non-controlling interest" by P155.8 million.

On July 19, 2012, APHC distributed 250% stock dividends or 246,248,212 shares for stockholders of record as of June 25, 2012.

In 2012, the Parent Company sold 9,500,000 shares representing 1% interest at various selling prices. Total proceeds from the sale transactions amounted to P13.65 million. Loss on sale of APHC shares amounting to P9.17 million is recognized in the consolidated statements of comprehensive income. As at December 31, 2012, the Parent Company's equity interest in APHC is reduced to 58% from 59% in 2011 resulting to the adjustment of the "Non-controlling interest" by P10.8 million.

26. Financial Risk and Capital Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables - net, due from related parties, AFS investments, accounts payable and accrued expenses, other current liabilities, loans payable, and other noncurrent liabilities. The main purpose of these financial instruments is to raise finances for the Group's operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and nontrade receivables.

The Group trades only with recognized, creditworthy third parties. It is the Group'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 Group's exposure to bad debts is not significant.

With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

The aging analyses of the Group's financial assets (in thousands) as at December 31, 2013 and 2012 are as follows:

		Neither	Past Due but not Impaired					
December 31, 2013	**Total**	**Past Due nor Impaired**	**<30 Days**	**30 - 60 Days**	**61 - 90 Days**	**91 - 120 Days**	**> 120 Days**	**Impaired**
Receivables	P213,894	P156,683	P14,621	P8,729	P3,155	P4,340	P3,812	P22,554
Due from related parties	2,078,729	1,642,870	-	-	-	-	358,758	77,101
Total	**P2,292,623**	**P1,799,553**	**P14,621**	**P8,729**	**P3,155**	**P4,340**	**P362,570**	**P99,655**

December 31, 2012	Total	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	Impaired
Receivables	P171,715	P89,811	P29,366	P8,554	P6,861	P8,563	P8,277	P20,283
Due from related parties	2,253,472	1,822,328	-	-	-	-	354,043	77,101
Total	P2,425,187	P1,912,139	P29,366	P8,554	P6,861	P8,563	P362,320	P97,384

The credit quality of the Group's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2013 and 2012 and the movement of the allowance used to record the impairment losses are disclosed in Notes 6 and 9 to the consolidated financial statements.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained thru related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there is sufficient working capital inflows to match repayments of short-term debt.

The following table summarizes the maturity profile of the Group's financial liabilities (in thousands) as at December 31, 2013 and 2012 based on contractual undiscounted payments:

December 31, 2013	**Total Carrying Amount**	**Contractual Undiscounted Payments Total**	**On Demand**	**Less than 1 Year**	**1 to 5 Years**
Accounts payable and accrued expenses*	**P1,185,798**	**P1,185,798**	**P709,672**	**P476,126**	**P -**
Loans payable	**1,098,482**	**1,167,512**	**506,722**	**392,812**	**267,978**
Other current liabilities	**65,206**	**65,206**	**4,942**	**60,264**	**-**
Other noncurrent liabilities	**689,553**	**689,553**	**-**	**-**	**689,553**
	P3,039,039	**P3,108,069**	**P1,221,336**	**P929,202**	**P957,531**

**Excludes local taxes and output VAT, withholding taxes and deferred income*

December 31, 2012	Total Carrying Amount	Contractual Undiscounted Payments Total	On Demand	Less than 1 Year	1 to 5 Years
Accounts payable and accrued expenses*	P1,175,215	P1,175,215	P664,933	P510,282	P -
Loans payable	1,389,129	1,621,713	753,713	-	868,000
Other current liabilities	14,083	14,083	9,987	4,096	-
Other noncurrent liabilities	821,916	821,916	-	-	821,916
	P3,400,343	P3,632,927	P1,428,633	P514,378	P1,689,916

**Excludes local taxes and output VAT, withholding taxes and deferred income*

Market Risk
Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

Interest Rate Risk
Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to the risk changes in market interest rates relates primarily to the interest-bearing loans from PBB, SSS and ICBC. The annual interest rates of these loans are as follows:

	Annual Interest Rate
SSS	14.5% per annum
PBB	10% and 12% per annum
ICBC	2% above SIBOR

The other financial instruments of the Group are either short-term or noninterest-bearing and are therefore not subject to interest rate risk.

Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters into hedging transactions.

Cash Flow Interest Rate Risk
The following table illustrates the sensitivity of net income and equity for 2013 and 2012 to a reasonably possible change in interest rates based on the historical volatility of SIBOR rates in the immediately preceding 12-month period. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's loan payable as at the reporting date. This analysis assumes a 0.70% and 26.44% decrease in prevailing interest rates as of December 31, 2013 and 2012, respectively, and 1.10% and 37.93% increases as of December 31, 2013 and 2012, respectively. All other variables are held constant (in thousands).

	Decrease		**Increase**	
	-0.70%	-26.44%	**+1.10%**	+37.93%
	2013	2012	**2013**	2012
Net income	**P13,563**	P1,569,561	**P21,314**	(P2,251,978)
Equity	**13,563**	1,569,561	**21,314**	(2,251,978)

Fair value interest rate risk
The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of ±50 basis points in 2013 and 2012. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's loan payable held at the reporting date. All other variables are held constant (in thousands).

Increase (Decrease)	Income After Income Tax	
Change in interest rates (in basis points)	**2013**	2012
+50	**(P3,968)**	(P3,741)
-50	**3,968**	3,741

There is no other impact on the Group's equity other than those already affecting profit or loss in 2013 and 2012.

Foreign Currency Risk
Currency risk arises when transactions are denominated in foreign currencies.

As a result of loan payable from ICBC which is denominated in US dollar, the Group's consolidated statements of financial position can be affected by movements in this currency. Aside from this and certain cash, the Group does not have any material transactional foreign exchange risks as its revenue and costs are substantially denominated in Philippines peso.

The Group monitors and assesses cash flows from anticipated transactions and financing agreements denominated in foreign currencies. The Group manages its foreign currency risk by measuring the mismatch of the foreign currency sensitivity gap of assets and liabilities.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their Philippine peso equivalents are as follows:

December 31, 2013	**US Dollar**	**Philippine Peso**
Cash	**$7,183**	**P318,896**
Loan payable	**(6,917,900)**	**(307,140,924)**
Net foreign currency-denominated liability	**($6,910,717)**	**(P306,822,028)**

December 31, 2012	US Dollar	Philippine Peso
Cash	$15,039	P617,791
Loan payable	(7,630,040)	(314,128,747)
Net foreign currency-denominated liability	$7,615,001	(P313,510,956)

The following significant exchange rates applied during the year:

	Average Rate		**Reporting Date Spot Rate**	
	2013	2012	**2013**	2012
U.S. dollar	**P42.46**	P42.23	**P44.40**	P41.04

The Group recognized foreign exchange gain amounting P12.9 million in 2013 and P11.2 million in 2011 and foreign exchange loss amounting to P34.9 million in 2012, arising from the translation of these foreign-currency denominated financial instruments.

The following table demonstrates the sensitivity of the net income for the periods reported to a reasonably possible change in U.S. dollar exchange rate based on past U.S. dollar exchange rates and macroeconomic forecasts for 2013, with all other variables held constant, of the Group's 2013, 2012 and 2011 income after income tax. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items. This analysis assumes a 3.95%, 3.20% and 2.05% strengthening as at December 31, 2013, 2012 and 2011, respectively, and 4.21%, 2.85% and 2.04% weakening as at December 31, 2013, 2012 and 2011, respectively, of the Philippine peso against the U.S. dollar exchange rate:

	Strengthening			Weakening		
	+3.95%	+2.05%	+2.68%	**-4.21%**	-2.04%	-3.77%
	2013	2012	2011	**2013**	2012	2011
Net income	**P8,490,372**	P7,019,230	P5,246,031	**(P4,375,236)**	(P4,470,620)	(P5,226,571)

There is no other impact on the Group's equity other than those already affecting profit or loss.

Equity Price Risk
Equity price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market

The Group is exposed to equity price risk because of its investment in shares of stock of WII held by the Group which is classified in the statements of financial position as AFS investment. These securities are listed in the PSE. The Group has an outstanding investment in these securities equivalent to 86.7 million shares as at December 31, 2013 and 2012.

The Group is not exposed to commodity price risk.

The Group monitors the changes in the price of shares of WII. To manage its price risk, the Group disposes existing or acquires additional shares based on the economic conditions.

The following table illustrates the sensitivity of the Group's equity to a reasonably possible change in equity price. These changes are considered to be reasonably possible based on past equity price performance of the Group's AFS investment and macroeconomic forecast for 2013. This analysis assumes a decrease of 17.24% for 2013, 14.89% for 2012 and 47.10% for 2011 and an increase of 24.14% for 2013, 44.68% 2012 and 141.83% for 2011 of the equity price of the Group's AFS investment. These percentages have been determined based on average market volatility in equity prices of the related investment in the previous 12-month periods ended December 31, 2013, 2012 and 2011, respectively. All other variables are held constant:

	2013	2012	2011	**2013**	2012	2011
	Decrease			Increase		
	-17.24%	-14.89%	-47.07%	**+24.14%**	+44.68%	+141.83%
Equity	**(P1,789,515)**	(P2,711,994)	(P7,571,431)	**P3,233,685**	P8,135,981	P22,812,148

The impact on the Group's equity already excludes the impact on transactions affecting profit or loss in 2013, 2012 and 2011.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

The fair value of interest-bearing due from related parties - noncurrent and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

The fair value of AFS investments was determined using the closing market price of the investment as of December 31, 2013 and 2012.

The fair value of other noncurrent liabilities was calculated by discounting expected future cash flows at prevailing market rates. Discount rates used ranged from 5.8% to 7.7% 2011.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method (in thousands). The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The approximation of the fair value of the Group's AFS investment is based on Level 1.

Risk Management Structure

Board of Directors

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk management committee is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits set by the BOD.

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2013, 2012 and 2011.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2013, 2012 and 2011. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statements of changes in equity.

The Group is not subject to externally-imposed capital requirements.

27. Commitments and Contingencies

The following are the significant commitments and contingencies involving the Group:

a. On November 10, 2008, the Parent Company received a preliminary assessment notice from the BIR for deficiency taxes for the taxable year 2006. On February 9, 2009, the Parent Company sent a protest letter to BIR contesting the said assessment. On February 18, 2009, the Regional Office of the BIR sent a letter to the Parent Company informing the latter that the docket was returned to Revenue District Office for reinvestigation and further verification.

   On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.3 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

   In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the VAT and compromise penalty assessments. WPI decided not to contest the EWT assessment. The BIR filed its motion for reconsideration (MR) on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

   The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013 docketed as CTA EB No. 1070 where it is awaiting decision by the CTA.

   The information usually required of contingent liabilities by PAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the final assessment.

b. APHC has an outstanding tax assessment from the BIR for taxable year 2006. On May 18, 2011, the BIR sent a follow up letter to the APHC for various verbal requests of the BIR for the submission of related schedules and documents. As at report date, the APHC's management is waiting BIR action on its letter of protest and explanation dated February 23, 2012.

c. Provisions and Contingencies

The reconciliation of the carrying value of the Group's provision follows:

	2013	2012
Balance at beginning of year	**P20,227,960**	P20,227,960
Provision for the year	**25,347,052**	-
	P45,575,012	P20,227,960

In consultation with the legal counsels, management believes that the provision recognized sufficiently represents the amount of probable liability that the Group may settle in the event that the cases as discussed below will ultimately be decided against the Group.

Tax Case Involving Tax Assessment from the Treasurer of the City of Manila
After filing of protest letters, petitions and appeals, the case was subsequently decided against the Group on January 9, 2014 by the CTA En Banc who ordered the dismissal of the petition for review filed by the Group and ordered the Group to pay the Manila City treasurer's office for P45.6 million. On January 24, 2014, the Group subsequently filed a motion for reconsideration with the CTA.

The case arose from the notice of assessment issued by the Manila City treasurer's office on July 13, 2007 demanding the Group to pay for deficiency business tax for the years 2004 to 2006 totaling P45.6 (including interest and penalties), arising principally from non declaration for local tax purposes of revenues derived from services in connection with the operation of PAGCOR in the Group's hotel.

d. WMCHI has a tax case involving VAT assessment for the taxable year 2006. The case was elevated to the CTA in 2011. In 2012, the Hotel offered its formal evidence to the court. In its decision promulgated on May 31, 2013, the CTA cancelled the VAT assessment in its entirety. The BIR filed a motion for reconsideration that was denied by the CTA in its resolution promulgated on August 16, 2013.

   The BIR appealed the case to the CTA sitting En Banc on September 20, 2013 where it is awaiting decision by the CTA.

e. In the normal course of business, the Group enters into commitments and encounters certain contingencies, which include a case against a contractor of one of its hotels for specific performance. Management believes that the losses, if any, that may arise from these commitments and contingencies would not be material to warrant additional adjustment or disclosure to the consolidated financial statements.

   Also, the Group is defendant in other legal cases which are still pending resolution. Management and legal counsel believe that the outcome of these cases will not have any material effect on the Group's financial position and financial performance.

28. Appropriated Retained Earnings

In 2012, the BOD approved to retain the P130 million retained earnings appropriated and earmark additional P10 million out of its unappropriated retained earnings to pursue the renovation and for business expansion which is expected to commence during the first quarter of 2014. Moreover, WMCHI planned to appropriate further any excess retained earnings for future capital expenditures in connection with the continuing enhancement of its facilities, services and operations. The renovation, business expansion and the continuing enhancement of its facilities, services and operations are expected to be carried within the next couple of years. The amount appropriated, however, will be subject to regular review depending on the over-all business needs and the results of the operations.

29. Change in Accounting Policy

As a result of PAS 19 (Amended 2011), the Group has changed its accounting policy with respect to the elimination of the "corridor method" under which the recognition of actuarial gains and losses could be deferred. Instead, all actuarial gains and losses are recognized immediately in other comprehensive income.

Furthermore, the Group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability or asset now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

This change in accounting policy was applied retrospectively. The opening statement of financial position of the earliest comparative period presented as at January 1, 2012 and the comparative amounts have been restated accordingly.

The impact of the restatement as at and for the year ended December 31, 2013 is as follows:

	Increase (Decrease)
Consolidated Statement of Financial Position	
Deferred tax assets	**(P597,916)**
Other noncurrent liabilities	**(776,314)**
Deficit	**682,782**
Retirement benefits reserve	**37,415,561**
Non-controlling interest	**(6,385,325)**

	Increase (Decrease)
Consolidated Statement of Comprehensive Income	
Personnel costs	**(P4,889,222)**
Income tax expense	**1,457,185**
Increase in net income	**3,432,037**
Actuarial gains on employee benefit plan	**72,086,443**
Deferred tax effect	**(21,270,493)**
Increase in other comprehensive income, net of tax	**50,815,950**
Overall increase on total comprehensive income	**P54,247,987**
Consolidated Statement of Cash Flows	
Income before income tax	**P4,889,222**
Retirement benefits cost	**(4,889,222)**

The impact of the restatement as at and for the year ended December 31, 2012 is as follows:

	As Previously Reported	Effect of Restatement	As Restated
Consolidated Statement of Financial Position			
Deferred tax assets	P278,522,670	P2,622,773	P281,145,443
Other noncurrent liabilities	1,053,333,020	6,684,045	1,060,017,065
Deficit	(1,503,776,381)	(741,210)	(1,504,517,591)
Retirement benefits reserve	-	(4,415,815)	(4,415,815)
Non-controlling interest	677,222,369	1,095,753	678,318,122
Consolidated Statement of Comprehensive Income			
Personnel costs	P290,201,333	(P1,500,622)	P288,700,711
Income tax expense	38,566,769	179,423	38,746,192
Increase in net income		1,321,199	
Actuarial gains (losses) on defined benefit plan	-	1,895,483	1,895,483
Deferred tax effect	-	(205,487)	(205,487)
Increase in other comprehensive income, net of tax		1,689,996	
Overall increase on total comprehensive income		P3,011,195	
Consolidated Statement of Cash Flows			
Income before income tax	P46,255,124	P1,500,622	P47,755,746
Retirement benefits cost	44,306,329	(1,500,622)	42,805,707

The impact of the restatement as at January 1, 2012 is as follows:

	As Previously Reported	Effect of Restatement	As Restated
Consolidated Statement of Financial Position			
Deferred tax assets	P285,882,779	P3,007,678	P288,890,457
Other noncurrent liabilities	1,036,494,522	10,080,145	1,046,574,667
Deficit	(1,595,477,288)	(2,068,268)	(1,597,545,556)
Retirement benefits reserve	-	(6,672,373)	(6,672,373)
Non-controlling interest	680,804,122	1,668,174	682,472,296

The equity as of January 1, 2011 was not restated as the impact of the change is not significant.

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated and Subsidiaries
IPT Building, Pre-Departure Area
Mactan Cebu International Airport
Lapu-lapu City, Cebu

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the "Group") as at and for the year ended December 31, 2013, on which we have rendered our report thereon dated April 10, 2014.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The accompanying supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

- Schedule of Philippine Financial Reporting Standards *(Annex A)*
- Map of Conglomerate *(Annex B)*
- Supplementary Schedules of Annex 68-E *(Annex C)*
- Schedule of Reconciliation of Deficit *(Annex D)*

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

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Partner
CPA License No. 0035026
SEC Accreditation No. 0047-AR-3, Group A, valid until March 28, 2015
Tax Identification No. 112-071-561
BIR Accreditation No. 08-001987-11-2013
Issued May 9, 2013; valid until May 8, 2016
PTR No. 4225132MC
Issued January 2, 2014 at Makati City

April 10, 2014
Makati City, Metro Manila

PRC-BOA Registration No. 0003, valid until December 31, 2016
SEC Accreditation No. 0004-FR-3, Group A, valid until November 22, 2014
IC Accreditation No. F-0040-R, Group A, valid until September 11, 2014
BSP Accredited, Category A, valid until December 17, 2014

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68, AS AMENDED (2011)
Schedule of Philippine Financial Reporting Standards (PFRSs)
Effective as at December 31, 2013

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✔		
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✔		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✔		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✔		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✔		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✔
	Amendments to PFRS 1: Government Loans			✔
	Annual Improvements to PFRSs 2009 – 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards – Repeated Application of PFRS 1			✔
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Borrowing Cost Exemption			✔
PFRS 2	Share-based Payment			✔
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✔
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✔
PFRS 3 (Revised)	Business Combinations	✔		
PFRS 4	Insurance Contracts			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✔
PFRS 6	Exploration for and Evaluation of Mineral Resources			✔
PFRS 7	Financial Instruments: Disclosures	✔		
	Amendments to PFRS 7: Transition	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✔		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✔		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✔		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✔		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✔		
PFRS 8	Operating Segments	✔		
PFRS 9	Financial Instruments	✔		
	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39			✔
PFRS 10	Consolidated Financial Statements	✔		
PFRS 11	Joint Arrangements			✔
PFRS 12	Disclosure of Interests in Other Entities	✔		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✔		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✔		
PFRS 13	Fair Value Measurement	✔		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendment to PAS 1: Capital Disclosures	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of Financial Statements – Comparative Information beyond Minimum Requirements			✔
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes	✔		
PAS 2	Inventories	✔		
PAS 7	Statement of Cash Flows	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Reporting Period	✔		
PAS 11	Construction Contracts			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 12	Income Taxes	✔		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✔		
PAS 16	Property, Plant and Equipment	✔		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Property, Plant and Equipment – Classification of Servicing Equipment	✔		
PAS 17	Leases	✔		
PAS 18	Revenue	✔		
PAS 19 (Amended)	Employee Benefits	✔		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✔		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✔
PAS 21	The Effects of Changes in Foreign Exchange Rates	✔		
	Amendment: Net Investment in a Foreign Operation	✔		
PAS 23 (Revised)	Borrowing Costs	✔		
PAS 24 (Revised)	Related Party Disclosures	✔		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✔
PAS 27 (Amended)	Separate Financial Statements	✔		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✔		
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 32	Financial Instruments: Disclosure and Presentation	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendment to PAS 32: Classification of Rights Issues			✔
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✔		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Financial Instruments Presentation – Income Tax Consequences of Distributions			✔
PAS 33	Earnings per Share	✔		
PAS 34	Interim Financial Reporting			✔
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Interim Financial Reporting – Segment Assets and Liabilities			✔
PAS 36	Impairment of Assets	✔		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✔		

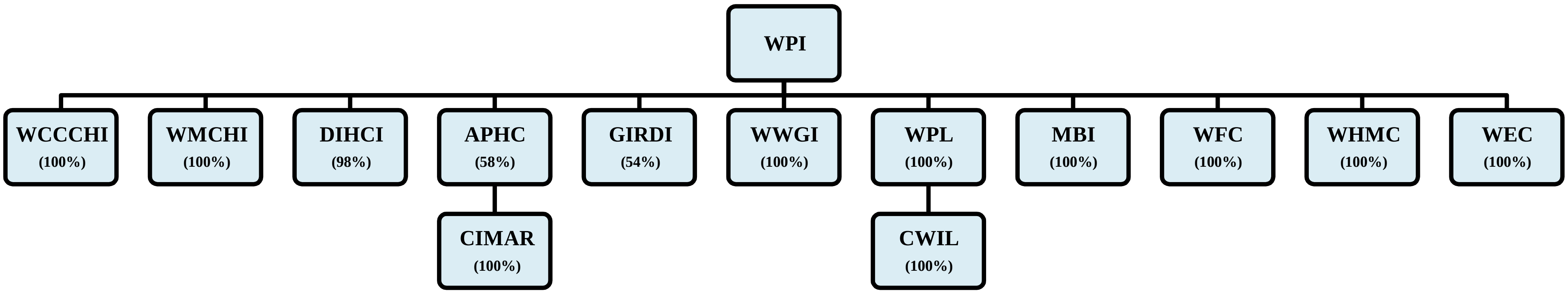
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets			✔
PAS 39	Financial Instruments: Recognition and Measurement	✔		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✔		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✔
	Amendments to PAS 39: The Fair Value Option	✔		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✔		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✔
	Amendment to PAS 39: Eligible Hedged Items			✔
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✔
PAS 40	Investment Property			✔
PAS 41	Agriculture			✔
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✔
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✔
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✔
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✔
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✔
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✔
IFRIC 9	Reassessment of Embedded Derivatives			✔
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✔
IFRIC 10	*Interim Financial Reporting and Impairment*			✔
IFRIC 12	Service Concession Arrangements			✔
IFRIC 13	Customer Loyalty Programmes			✔
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✔		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✔
IFRIC 17	Distributions of Non-cash Assets to Owners			✔
IFRIC 18	Transfers of Assets from Customers			✔
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✔
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✔
IFRIC 21	Levies			✔
SIC-7	Introduction of the Euro			✔
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✔
SIC-15	Operating Leases - Incentives			✔
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✔
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✔		
SIC-29	Service Concession Arrangements: Disclosures.			✔
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✔
SIC-32	Intangible Assets - Web Site Costs			✔
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 – Revenue recognition for sales of property units under pre-completion contracts			✔
PIC Q&A 2006-02	PAS 27.10(d) – Clarification of criteria for exemption from presenting consolidated financial statements			✔
PIC Q&A 2007-01-Revised	PAS 1.103(a) – Basis of preparation of financial statements if an entity has not applied PFRSs in full			✔
PIC Q&A 2007-03	PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)			✔
PIC Q&A 2007-04	PAS 101.7 – Application of criteria for a qualifying NPAE			✔
PIC Q&A 2008-01-Revised	PAS 19.78 – Rate used in discounting post-employment benefit obligations	✔		
PIC Q&A 2008-02	PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20			✔
PIC Q&A 2009-01	Framework.23 and PAS 1.23 – Financial statements prepared on a basis other than going concern			✔
PIC Q&A 2009-02	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PIC Q&A 2010-01	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✔
PIC Q&A 2010-02	PAS 1R.16 – Basis of preparation of financial statements	✔		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements – Current/non-current classification of a callable term loan	✔		
PIC Q&A 2011-01	PAS 1.10(f) – Requirements for a Third Statement of Financial Position	✔		
PIC Q&A 2011-02	PFRS 3.2 – Common Control Business Combinations			✔
PIC Q&A 2011-03	Accounting for Inter-company Loans	✔		
PIC Q&A 2011-04	PAS 32.37-38 – Costs of Public Offering of Shares			✔
PIC Q&A 2011-05	PFRS 1.D1-D8 – Fair Value or Revaluation as Deemed Cost	✔		
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property – Acquisition of Investment properties – asset acquisition or business combination?			✔
PIC Q&A 2012-01	PFRS 3.2 – Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✔
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✔
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✔
PIC Q&A 2013-03	PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✔

ANNEX B

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68, AS AMENDED
Map of Conglomerate
December 31, 2013



LEGEND:

WPI	- Waterfront Philippines, Inc.
WCCCHI	- Waterfront Cebu City Casino Hotel, Inc.
WMCHI	- Waterfront Mactan Casino Hotel, Inc.
DIHCI	- Davao Insular Hotel Company, Inc.
APHC	- Acesite (Phil.) Hotel Corporation
CIMAR	- CIMA Realty Philippines, Inc.
GIRDI	- Grand Ilocandia Resort and Development, Inc.
WWGI	- Waterfront Wellness Group, Inc. (formely W Citigyms & Wellness, Inc.)
WPL	- Waterfront Promotions Limited
CWIL	- Club Waterfront International Limited
MBI	- Mayo Bonanza, Inc.
WFC	- Waterfront Food Concepts
WHMC	- Waterfront Hotel Management Corp. (formerly Waterfront Management Corporation)
WEC	- Waterfront Entertainment Corporation

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

Table of Contents

Supplementary Schedules
Required Under SRC Rule 68, As Amended (2011)
December 31, 2013

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2013
(Amounts in thousands)

Name of Issuing Entity/Description of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at December 31, 2013	Income Received and Accrued
Loans and receivables				
Due from The Wellex Group, Inc.	-	P991,973	P991,973	P16,650
Due from Pacific Rehouse Corp.	-	500,522	500,522	9,814
Due from Metro Alliance Holdings and Equities Corp.	-	358,758	358,758	7,034
Due from Philippine Estate Corp.	-	94,054	94,054	-
Due from Others	-	56,321	56,321	-
Various Banks	-	71,808	71,808	124
Various Customers	-	191,340	191,340	-
Available-for-sale investment	86,710	16,908	16,908	-
	86,710	P2,281,684	P2,281,684	P33,622

See Notes 5, 6 and 9 of the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
DECEMBER 31, 2013
(Amounts in thousands)

Name and Designation of Debtor	Balance at beginning of the period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of the period
The Wellex Group, Inc.	P1,102,234	P54,281	P164,542	P-	P991,973	P-	P991,973
Pacific Rehouse Corp.	615,708	9,814	125,000	-	500,522	-	500,522
Metro Alliance Holdings and Equities Corp.	351,724	7,034	-	-	358,758	-	358,758
Philippine Estate Corp.	46,550	47,504	-	-	94,054	-	94,054

See Note 9 of the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLDIATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2013

Name and Designation of Debtor	Balance at beginning of the period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of the period
Waterfront Cebu City Casino Hotel, Incorporated	P1,451,304,978	P310,947,039	P-	P-	P1,762,252,017	P-	P1,762,252,017
Davao Insular Hotel Company, Inc.	13,571,406	-	7,627,502	-	5,943,904	-	5,943,904
Mayo Bonanza, Inc.	44,450,831	-	5,715,322	-	38,735,509	-	38,735,509
Waterfront Wellness Group, Inc.	12,952,067	192,015	-	-	13,144,082	-	13,144,082
Waterfront Food Concepts, Inc.	5,709,675	330,612	-	-	6,040,287	-	6,040,287
Waterfront Hotel Management Corp.	79,084,402	10,190,239	-	-	89,274,641	-	89,274,641
Waterfront Entertainment Corporation	5,946,788	399,712	-	-	6,346,500	-	6,346,500

See Note 5 of the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2013

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges, additions (deductions)	Ending Balance
	P-	P-	P-	P-	P-	P-
	-	-	-	-	-	-
	P-	P-	P-	P-	P-	P-

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2013

Title of Issue and Type of Obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Industrial Commercial Bank of China Singapore Branch (ICBC) Loans Payable	P304,939,971	P81,559,455	P223,380,516
Social Security System (SSS) Loans Payable	P375,000,000	P375,000,000	P -
Philippine Business Bank (PBB) Loans Payable	P418,541,667	P390,625,000	P27,916,667

See Note 15 of the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2013

Name of Affiliates	Balance at beginning of period	Balance at end of period
	P-	P-
	-	-
	P-	P-

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2013

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		P-	P-	
		-	-	
		P-	P-	

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2013

Description	Number of Shares authorized	Number of shares issued and outstanding	Treasury Shares	Number of shares held by affiliates	Directors, officers and employees	Others
Common shares	5,000,000,000	2,498,991,753	-	-	40,361,630	2,458,630,123

See Note 18 of the Consolidated Financial Statements.

ANNEX D

WATERFRONT PHILIPPINES, INCORPORATED
IPT Building, Pre-Departure Area
Mactan Cebu International Airport
Lapu-lapu City, Cebu

SCHEDULE OF RECONCILIATION OF DEFICIT

DECEMBER 31, 2013

DEFICIT BEGINNING OF YEAR	**P576,997,182**
Add:	
Net loss for the year	38,518,080
DEFICIT END OF YEAR	**P615,515,262**

Figures based on functional currency audited financial statements

COVER SHEET

AS094-8678

S.E.C. Registration Number

WATERFRONT PHILIPPINES, INCORPORATED

(Company's Full Name)

IPT Building, Pre-Departure Area, Mactan Cebu International Airport Lapu-lapu City, Cebu

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

Ms. Irish Chara Lawas

Contact Person

(02) 559-0130

Company Telephone Number

12 31

Month *Day*

17-Q1

FORM TYPE

09 14

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

483

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

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, *2014*

2. Commission identification number ***AS 094-8678***

3. BIR Tax Identification No ***D80-003-978-254-NV***

4. Exact name of issuer as specified in its charter: ***WATERFRONT PHILIPPINES, INC.***

5. ***PHILIPPINES***
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. ***No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City*** ***6000***
   Address of issuer's principal office   Postal Code

8. ***(032) 232- 6888***
   Issuer'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 common stock outstanding and amount of debt outstanding
Common Shares- P 1.00 par value	Issued- 2,498,991,753

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [√]   No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange   ***Common***

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 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [√]   No [ ]

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

    Yes [√]   No [ ]

SECURITIES AND EXCHANGE COMMISSIONSEC 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, 2014
2. SEC Identification Number
   AS 094-8678
3. BIR Tax Identification No.
   D80-003-978-254-NV

4. Exact name of issuer as specified in its charter
   WATERFRONT PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization
   PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City Postal Code ***6000***
8. Issuer's telephone number, including area code
   (032) 232- 6888
9. Former name or former address, and former fiscal year, if changed since last report
   NOT APPLICABLE
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 Shares- P 1.00 par value	Issued- 2,498,991,753

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 ***Common***

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

Waterfront Philippines, Incorporated(WPI)

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 quarterly period ended	March 31, 2014
Currency (indicate units, if applicable)	Peso

Balance Sheet

	Quarterly Period Ended	Calendar Year Ended (Audited)
	As of March 31, 2014	As of December 31, 2013
Current Assets	2,418,154,920	2,359,380,385
Total Assets	9,041,586,612	9,203,897,269
Current Liabilities	2,035,057,493	2,224,979,328
Total Liabilities	4,437,941,475	4,606,061,804
Retained Earnings/(Deficit)	-1,437,039,789	-1,469,509,833
Stockholders' Equity	4,603,645,137	4,597,835,465
Stockholders' Equity - Parent	3,867,920,722	3,872,866,239
Book Value per Share	1.842	1.839

Income Statement

	Current Year-To-Date	Previous Year-To-Date	Current Year (3 Months)	Previous Year (3 Months)
Operating Revenue	1,954,715,706	1,970,793,243	479,449,009	483,527,608
Other Revenue	24,376,009	28,472,703	7,971,320	11,679,204
Gross Revenue	1,979,091,715	1,999,265,946	487,420,329	495,206,812
Operating Expense	1,461,490,841	1,523,203,524	335,585,464	332,302,097
Other Expense	578,980,279	428,306,676	108,609,632	129,771,958
Gross Expense	2,040,471,120	1,951,510,200	444,195,096	462,074,055
Net Income/(Loss) Before Tax	-61,379,405	47,755,746	43,225,233	33,132,756
Income Tax Expense	3,952,111	38,746,192	0.00	96,100
Net Income/(Loss) After Tax	-65,331,516	9,009,554	43,225,233	33,036,656
Net Income Attributable to Parent Equity Holder	-69,813,828	-5,922,606	32,470,043	31,686,217
Earnings/(Loss) Per Share (Basic)	-0.028	-0.002	0.013	0.013
Earnings/(Loss) Per Share (Diluted)	-0.028	-0.002	0.013	0.013

Other Relevant Information

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to Annex A.

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

Please refer to Annex B.

PART II--OTHER INFORMATION

NONE.

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.

Registrant: ***Waterfront Philippines, Inc.***

Issuer ***Atty. Arthur R. Ponsaran***

Signature and Title ______________
Corporate Secretary

Date 05/12/2014

Principal Financial/Accounting Officer/Controller ***Precilla O. Toriano***

Signature and Title ______________
Compliance Officer/ Director for Finance

Date 05/12/2014

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES **"Annex-A"**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION-UNAUDITED
As of March 31, 2014

	CONSOLIDATED					
	Unaudited		Unaudited		Audited	
	March 31, 2014		March 31, 2013		December 31, 2013	
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	P	135,457,235	P	100,354,224	P	71,807,950
Trade and Other Receivables-net		470,154,019		405,140,490		191,340,325
Inventories		25,293,871		34,427,235		26,691,581
Due from affiliated companies-current portion		1,742,291,967		1,930,183,933		2,001,628,340
Prepaid Expenses and Other Current Assets		44,957,828		9,672,897		67,912,189
Total Current Assets		2,418,154,920		2,479,778,779		2,359,380,385
Noncurrent Assets						
Property and equipment-net		6,442,351,265		5,921,902,228		6,505,409,658
Available-for-sale Investments		17,220,950		26,013,000		16,908,450
Deferred Tax Assets		43,389,306		95,192,804		247,525,682
Other noncurrent assets		120,470,171		32,970,688		74,673,094
Total Noncurrent Assets		6,623,431,692		6,076,078,720		6,844,516,884
Total Assets	P	9,041,586,612	P	8,555,857,499	P	9,203,897,269
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	P	1,460,265,990	P	1,173,133,658	P	1,249,043,043
Loans Payable-current portion		375,000,000		375,000,000		847,184,455
Income tax payable		7,325,225		9,093,083		17,970,786
Mortgage Loan payable		-		299,798,636		-
Provisions		-		-		45,575,012
Other current liabilities		192,466,278		305,876,917		65,206,032
Total Current Liabilities		2,035,057,493		2,162,902,294		2,224,979,328
Noncurrent Liabilities						
Loans Payable-noncurrent portion		691,794,547		603,125,000		251,297,183
Deferred tax liabilities		1,052,081,860		855,855,307		1,252,615,432
Other noncurrent liabilities		659,007,575		496,046,182		877,169,861
Total Noncurrent Liabilites		2,402,883,982		1,955,026,489		2,381,082,476
Total Liabilites		4,437,941,475		4,117,928,783		4,606,061,804
Equity Attributable to Equity Holders of the Parent Company						
Capital Stock		2,498,991,753		2,498,991,753		2,498,991,753
Additional paid-in capital		706,364,357		706,364,357		706,364,357
Revaluation increment in property and equipment		2,072,860,019		1,982,306,439		2,072,860,019
Unrealized valuation loss on AFS investments		2,701,628		7,982,267		2,701,628
Foreign currency translation adjustment		24,042,754		35,801,255		24,042,754
Deficit						
Appropriated		140,000,000		140,000,000		140,000,000
Unappropriated		(1,577,039,789)		(1,620,944,568)		(1,609,509,833)
Retirement Reserves		-		-		37,415,561
Total Stockholders Equity		3,867,920,722		3,750,501,503		3,872,866,239
Non-controlling Interest		735,724,415		687,427,213		724,969,226
Total Liabilities & Stockholders Equity	P	9,041,586,612	P	8,555,857,499	P	9,203,897,269

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME -UNAUDITED

For the Quarter Ended March 31, 2014

		CONSOLIDATED				
		Unaudited		Unaudited		Audited
		Jan-Mar 2014		Jan-Mar 2013		December 31, 2013
REVENUES						
Hotel	P	455,651,920	P	453,427,854	P	1,930,763,056
Nonhotel		23,797,089		30,099,754		23,952,650
Interest and other income		7,971,320		11,679,204		24,376,009
Subtotal		487,420,329		495,206,812		1,979,091,715
OPERATING EXPENSES						
Hotel		281,171,148		303,288,583		1,123,685,642
Nonhotel		54,414,316		29,013,514		337,805,199
Subtotal		335,585,464		332,302,097		1,461,490,841
INCOME BEFORE FIXED FINANCIAL AND OTHER CHARGES		151,834,865		162,904,715		517,600,874
FIXED, FINANCIAL AND OTHER CHARGES						
Depreciation and amortization		80,210,609		81,670,440		349,652,722
Interest Expense		28,400,512		50,166,694		163,830,581
Interest Income		(1,488)		(66)		(33,621,918)
Casualty Loss		-		-		44,511,664
Impairment losses, bad debts written off and provisions		-		-		33,316,701
Foreign exchange losses(gains) - net		-		-		12,851,819
Others-net		-		(2,065,111)		8,438,710
Subtotal		108,609,632		129,771,958		578,980,279
INCOME BEFORE INCOME TAX		43,225,233		33,132,756		(61,379,405)
PROVISION FOR INCOME TAX						
Current		-		96,100		3,952,111
Deferred		-		-		
INCOME (LOSS) BEFORE SHARE OF MINORITY INTEREST		43,225,233		33,036,656		(65,331,516)
SHARE OF MINORITY INTEREST		10,755,189		1,350,439		4,482,312
NET INCOME(LOSS)		32,470,044		31,686,217		(69,813,828)
OTHER COMPREHENSIVE INCOME						
Foreign currency translation differences for foreign operations		-		-		(11,758,501)
Net change in fair value of available-for-sale financial assets		-		-		(9,104,550)
Actuarial gains(losses) on defined benefit plan		-		-		72,086,443
Appraisal increase on property and equipment		-		-		353,000,906
Write-off of revaluation surplus resulting from casulaty loss		-		-		(21,024,771)
Deferred tax effect		-		-		(120,863,334)
Total		-		-		262,336,193
TOTAL COMPREHENSIVE INCOME	P	43,225,233	P	33,036,656	P	197,004,677
EARNINGS (LOSS) PER SHARE		P0.013		P0.013		(P0.028)

*There are no dilutive potential shares as of March 31, 2014and 2013

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES **"Annex-A"**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-UNAUDITED
As of March 31, 2014

	CONSOLIDATED					
	Unaudited		Unaudited		Audited	
	March 31, 2014		March 31, 2013		December 31, 2013	
CAPITAL STOCK						
Balance, beginning of the period	P	2,498,991,753	P	2,498,991,753	P	2,498,991,753
Issuance of shares		-		-		-
Balance, end of period		2,498,991,753		2,498,991,753		2,498,991,753
Additional Paid-in Capital		706,364,357		706,364,357		706,364,357
Revaluation Surplus in Property and Equipment						
Balance, beginning of the period		2,072,860,019		1,982,306,439		1,982,306,439
Other comprehensive income, net of tax						
Transfer of revaluation surplus absorbed through				-		195,375,166
depreciation for the year-net of income tax effect		-		-		(104,821,586)
Balance, end of the period		2,072,860,019		1,982,306,439		2,072,860,019
Unrealized Valuation Gain (Loss) on AFS Investment						
Balance, beginning of the period		2,701,628		7,982,267		7,982,267
Valuation Loss taken into equity during the year		-		-		(5,280,639)
Effect of the increase in non-controlling interest due to sale						
of an interest in a subsidiary		-		-		-
Balance, end of the period		2,701,628		7,982,267		2,701,628
Foreign Curreny Translation						
Balance, beginning of the period		24,042,754		35,801,255		35,801,255
Translation adjustment during the year		-		-		(11,758,501)
Balance, end of the period		24,042,754		35,801,255		24,042,754
Deficit						
Appropriation for renovation and business expansion		140,000,000		140,000,000		140,000,000
Unappropriated:						
Balance beginning of the year		(1,609,509,833)		(1,652,630,785)		(1,652,630,785)
Transfer of revaluation surplus						
absorbed through depreciation for the year net of tax effect		-		-		122,934,780
Appropriation for the year		-		-		(10,000,000)
Net Income (Net Loss)		32,470,044		31,686,217		(69,813,828)
Balance, end of the period		(1,577,039,789)		(1,620,944,568)		(1,609,509,833)
Total deficit		(1,437,039,789)		(1,480,944,568)		(1,469,509,833)
Retirement benefits reserve		-		-		37,415,561
Total Equity Attributable to Equity						
Holders of the Parent Company	P	3,867,920,722	P	3,750,501,503	P	3,872,866,239

As of March 31, 2014

	CONSOLIDATED		
	Unaudited	Unaudited	Audited
	March 31, 2014	March 31, 2013	December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P 43,225,233	P 33,036,656	(61,379,405)
Adjustments for:			
Depreciation and amortization	80,210,609	81,670,440	349,652,722
Interest expense	28,400,512	50,166,694	163,830,581
Casualty loss	-	-	44,511,664
Retirement benefit costs	-	-	36,478,197
Provision for impairment losses on receivable	-	-	33,316,701
Unrealized foreign exchange loss(gain)	-	(2,065,111)	12,756,646
Loss on disposal of property and equipment	-	-	-
Interest income	(6,435,426)	(9,994,661)	(33,621,918)
Operating income before working capital changes	145,400,928	152,814,018	545,545,188
Decrease (increase) in:			
Receivables	(278,813,695)	(240,020,929)	(39,216,160)
Inventories	1,397,710	(4,586,664)	3,148,990
Prepaid expenses and other current assets	22,954,361	17,488,336	(31,005,197)
Increase (decrease) in:			
Accounts payable and accrued expenses	211,222,947	(101,747,229)	(21,119,781)
Other current liabilities	81,685,234	424,809,144	(7,819,639)
Cash generated from operations	183,847,485	248,756,676	449,533,401
Interest received	6,435,426	9,994,661	123,427
Income taxes paid	(10,645,561)	(5,316,983)	(49,681,341)
Retirement plan contributions paid	-	-	(14,875,658)
Interest paid	(28,400,512)	(50,166,694)	(149,873,765)
Net cash provided by (used in) operations	151,236,838	203,267,660	235,226,064
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	(17,152,216)	457,651,353	(103,654,721)
Investment in subsidiary	-	203,019,736	-
Payment of contract payable	71,747,364	-	-
Decrease in due from related parties	259,336,373	-	208,241,182
Proceeds from sale of an equity interest in subsidiary	-	-	-
Decrease (increase) in other non-current assets	120,611,239	280,781,012	55,748,740
Net cash provided by (used in) investing activities	434,542,760	941,452,101	160,335,201
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase(decrease) in loans payable	(103,434,455)	(314,128,747)	(313,098,843)
Decrease in due from related parties	-	246,187,098	(87,377,652)
Increase (decrease) in other non-current liabilities	(418,695,858)	(1,053,147,068)	-
Payment of obligation under finance lease	-	-	-
Net cash used in financing activities	(522,130,313)	(1,121,088,717)	(400,476,495)
Decrease in translation adjustment for the year	-		-
Net increase (decrease) in cash and cash equivalents	63,649,285	23,631,044	(4,915,230)
Cash and cash equivalents at beginning of year	71,807,950	76,723,180	76,723,180
Cash and cash equivalents at end of year	P 135,457,235	P 100,354,224	P 71,807,950

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WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Organization and Status of the Business

Corporate Information
Waterfront Philippines, Incorporated ("the Parent Company") was incorporated in the Philippines, and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994. WPI is 46%-owned by The Wellex Group, Inc. ("TWGI") and is listed in the Philippine Stock Exchange (PSE). It holds equity interest in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos, manufacturing of pastries, hotel management and operations.

The Parent Company and the following subsidiaries were incorporated in the Philippines, except for Waterfront Promotion Ltd (WPL) and Club Waterfront Limited (CWIL), which were registered in the Cayman Islands. The details of the equity interest of the Parent Company are shown below:

	Percentage of Ownership	
	Direct	Indirect
Hotels and resorts:		
Waterfront Cebu City Casino Hotel, Inc. (WCCCHI)	100	-
Waterfront Mactan Casino Hotel, Inc. (WMCHI)	100	-
Davao Insular Hotel Company, Inc. (DIHCI)	98	-
Acesite (Philis.) Hotel Corporation (APHC)	58	-
Grand Ilocandia Resort and Development, Inc. (GIRDI)	54	-
Real Estate:		
CIMA Realty Phils. Inc.		58
Fitness gym:		
W Citigyms & Wellness, Inc. (W Citigym)	100	-
International marketing and promotion of casinos:		
Waterfront Promotion Ltd. (WPL)	100	-
Mayo Bonanza, Inc. (MBI)	100	-
Club Waterfront International Limited (CWIL)	-	100
Pastries manufacturing:		
Waterfront Food Concepts, Inc. (WFC)	100	
Hotel management and operation:		
Waterfront Management Corprotion (WMC)	100	-

Hotels

Waterfront Cebu City Casino Hotel Inc. (WCCCHI) was incorporated on September 23, 1994. It started commercial operations in January 1998.

This hotel is conveniently located in the center of Cebu and is within easy reach from the financial district, shopping malls, golf courses and Mactan's renowned beach resorts.

Waterfront Cebu City Hotel & Casino has 561 elegantly designed and well-appointed guest rooms and suites. The 18th Floor is the Waterfront Ambassador Club with a two floor Club Lounge exclusive for Ambassador Floor guests. Waterfront Ambassador Club guests enjoy butler service, complimentary business services and a business boardroom fit for a group of up to 8 people, equipped with a built-in LCD projector, a roll-up screen, PA and recording system, a local area network (LAN) and a poly communication system. The 2nd floor lounge is outfitted with 3 computer stations, where guests can avail of complimentary WIFI access, flat-screen television entertainment, an array of lifestyle and business magazines as well as newspapers and board games. The hotel offers a 10,000-square meter convention center, which is the largest convention center in the Visayas and Mindanao, and is designed to adapt to multiple types of events. The convention center is equipped with 10 function rooms, 2 executive board rooms, and 2 Grand Ballrooms, each seating 4,000 people. It has played host to a myriad of national as well as regional events, conventions and conferences.

Waterfront Cebu operates 10 F&B outlets, including a hotel coffees hop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms.

The cost of the renovation is around Php120 million. Designed by no less than Steven J. Leach, Jr. + Associates [Consultants] Incorporated (SL+A Manila), which is a part of the world-renowned Steven Leach Group, the inspiration for the lobby's new look is based on two main objectives; first, to transform the existing single dimension grand lobby into a multi-dimensional lifestyle-concept space that will enhance the guests' experience when dining and lounging in the lobby; and second, to improve traffic patterns, through the construction of larger check-in areas and through maximizing the Lobby's three entrances.

Waterfront Cebu City Hotel and Casino's massive, high-ceilinged lobby has always been its principal attraction in fact it is touted as the largest hotel lobby in Visayas-Mindanao area. Spanning 22 meters wide, 96 meters in long and 35 meters high and crisscrossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance.

Apart from improvements to the general structure of the lobby, the Lobby Lounge itself will offer an all-new dining and lounging experience, with newly-installed glass panels, semi-closing each side of the lounge. Fully-equipped bar areas have also been installed in the middle of each of the lounge's two sections, ensuring diners of more efficient and prompt service. To enhance the overall guest experience, the hotel has put together additional features such as nightly entertainment from the city's top performers, and soulful afternoon music by soloists.

Among the hotel's newest pride comes in the form of delectable treats, introducing Lobby Lounge's new service concepts.

Afternoon.Tea
Guests can now relive the splendor and grace of the old English days with the Lobby Lounge's Afternoon Tea offering. It is a tea and dessert concept created to give guests a whole new tea experience by giving emphasis on unique ways to enjoy a cup of tea. Guests can expect an array of snack choices to complement their tea selection. The Afternoon Tea comes with a choice of Traditional Afternoon Tea with a Local Twist or Chocolate Temptations. For each selection, guests may opt for tea, coffee or hot chocolate. Each selection also comes with a variety of snack options to go along with their choice of beverage.

Wine.Dispenser
Guests can now take a sip of Lobby Lounge's extensive selection of wine. The wine dispenser is an innovative addition to the wining and dining experience at the hotel. It serves the purpose of allowing guests to select among an array of bottles, through tasting by the glass. This concept intends to give guests an opportunity to sample different wines in small amounts before deciding to order a full glass or bottle. Guests may test wines from the dispenser in three different amounts. This way, guests can choose the perfect wine fit for their palate. To enjoy the wine dispenser service, guests must avail of the Wine Card which comes in prepaid or postpaid.

Hot Chocolate
Delight your senses with our variety of sweets! Lobby Lounge serves hot chocolate using only the finest local chocolate and hot milk. Choose from a selection of Orange, Vanilla, Plain or Spiced Chocolate.

Waterfront's patrons can definitely expect even more grandeur with the addition of other facilities. To complement the Hotel's main lobby, a group check-in counter is constructed, dedicated solely to corporate and travel groups; a larger Duty Free shopping is also provided; and an additional Casino Filipino gaming space of 2,350 square meters is launched together with it. This will not only enhance the current lobby, but will also increase operational efficiency and add more exciting features for the hotel's customers.

Waterfront Mactan Casino Hotel, Inc. (WMCHI) was incorporated on September 23, 1994. Located right across the Mactan Cebu International Airport, it features 164 rooms and suites, 4 food-and-beverage outlets and a Casino Filipino facility. It has the advantage of proximity to the Mactan International Airport. It has the largest number of rooms among airport hotels. WMCHI has made Cebu the only city in Southeast Asia that offers casino facilities to transients while waiting for their flights.

It is just a 3-minute drive to the industrial zone of Cebu, and a 15-minute drive to the beaches of Mactan Island. This hotel is just a short 30-minute drive from Cebu City's shopping and financial districts. The hotel has 164 well-appointed guest rooms and suites. The hotel has an Ambassador Club floor which consists of 14 Ambassador Rooms and 6 Ambassador Suites. The suites are designed with the business travelers in mind and are equipped with a work desk, dual telephone lines for broadband internet access. The business center is equipped with secretarial services and board rooms that cater to business meetings. Its computer area is outfitted with flat screen computers subdivided with modular partitions.

The hotel operates 4 F&B outlets including Uno, the Lobby Lounge, and Café Fortuna. The hotel's convention center consists of three function rooms and a boardroom. Both are equipped with audio-visual equipment. Function rooms can accommodate groups of up to 200 in banquet style. For guests who wish to hold events outdoors, the Veranda is a spacious open area that can accommodate as much as 250 people.

DIHCI was incorporated on July 3, 1959 and is currently operating under its trade name "Waterfront Insular Hotel Davao".

Waterfront Insular Hotel is a resort hotel overlooking the Davao Gulf. It is 20 minutes away from downtown Davao City. The hotel holds a superior position over other hotels in the city in terms of space and location.

With a greater area than any other hotel facility in the city, it is unmatched in servicing large business meetings, conventions, and exhibit groups. The hotel consists of four low-rise buildings of 158 guest rooms and suites. Every room opens to a lanai overlooking a lush garden, the blue waters of the Davao Gulf or a scenic coconut grove. The hotel has 5 restaurants. The hotel's function rooms suit different event requirements: 1 Grand Ballroom that can accommodate up to 400 persons, 3 boardrooms that can accommodate 30 persons each, and the Kalaw function room that can accommodate groups of up to 150 persons. The pavilion in the hotel's garden is also popular for bigger celebrations.

The hotel is every guest's gateway to the diverse, colorful and rich cultural heritage of Davao City. Discover the rich cultural heritage of Davao which stems from the different groups and tribes that populated the area throughout its history and be astonished of artworks in the hotel lobby where it showcases pieces of artifacts featuring the various object d'art from the different tribes and historical periods. These range from tribal handicrafts, instruments, pottery, jars and vases. Most of the sculptures and carvings dated from the ancient times.

Acesite (Phils.) Hotel Corporation (APHC) was incorporated on October 10, 1952 and commenced commercial operations in March 1968. It is currently operating under its trade name Manila Pavilion

Hotel. Situated in the heart of Manila, this property is opposite the Rizal National Park and is close to the historic walled city of Intramuros. It was acquired by WPI in June 24, 2004. This property is a few minutes away from the Philippine International Convention Center, World Trade Center and the Cultural Center of the Philippines. The Ninoy Aquino International Airport is 11 kilometers away while the Makati Central Business District is only 6 kilometers away.

The hotel has 534 rooms and suites. All rooms have individually controlled central air conditioning, private bathroom with bath tub and shower, multi-channel radio, color TV with cable channels and internet connections.

The hotel has 5 food and beverage outlets that serve an international selection of culinary cuisines from European, to Chinese, Malaysian, and Cantonese. The hotel also has a music lounge and a lobby café that serves light meals and has an extensive pastry and deli counter.

Other guest services and facilities include a chapel, swimming pool, gym, business center, and a valet-service basement car park. Concessionaires and tenants include a spa, photography services, transportation services, travel agency and flower shop.

In addition, Casino Filipino –Pavilion, owned and operated by PAGCOR, occupies parts of the first five floors of the building. PAGCOR covers approximately 13,000 square meters of gaming and administrative area within the hotel structure. Casino Filipino – Pavilion is the highest earning location of PAGCOR in the country and accounts for a large percentage of PAGCOR's total gaming revenue.

It recently completed the second phase of its renovation covering 223 upper floor rooms and suites. Aside from its two-category Deluxe Rooms, Executive Rooms and Premier Suites, the hotel introduced a new set of Ambassador Club rooms and two new Presidential Suites to enhance the hotel's position in the corporate market. The redevelopment will continue for 250 Superior Rooms and Suites at the lower floors, as well as for the upgrade of function rooms and food and beverage facilities.The room themes were developed to maximize guest satisfaction to generate repeat bookings and keep room maintenance costs to minimum levels.

A landmark in Manila, the Manila Pavilion is situated close to a mix of historic sites, major ports and various entertainment hubs. It also houses the Casino Filipino Pavilion on the first three floors of the hotel.

GIRDI was incorporated on December 18, 1990 to engage in the hotel and resort business.

In November 2000, all of the property and equipment of GIRDI, including the hotel facilities and other operating assets, as well as its investment in marketable securities, were transferred to a third party. With this transfer, GIRDI ceased its involvement in the hotel and resort business. Management is currently looking for new business opportunities for GIRDI and intends to continue operating GIRDI as a going concern entity.

Mayo Bonanza, Inc. (MBI), a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI) was registered with the Securities and Exchange Commission on November 24, 1995. Its primary purpose is to establish, operate, and manage the business of amusement entertainment, and recreation facilities for the use of the paying public.
MBI has been appointed by Atlantic Dynamo of the British Virgin Islands as its agent in the Philippines. Atlantic Dynamo has a contract with PAGCOR under which it will lease space and slot machines to PAGCOR for the operation of VIP slot machine arcades. MBI shall provide space and machines to PAGCOR, while PAGCOR operates the slot machine arcade.

WPI's entry into the VIP slot machine arcade market space is in line with PAGCOR's growth strategy. The first such VIP slot machine arcade was opened by MBI in Sta. Cruz, Manila. The 1,200 square meter area is located at the Universal Mall along Rizal Avenue.

The slot machines are supplied by Elixir Gaming Technologies, which is part of the Melco Group of Hong Kong. This partnership is both strategic and operational in nature. It is strategic because they are a big operator in Macau. Operationally, WPI is at an advantage because the Melco Group creates its own slot machines and does their own game programming.

WPL, CWIL On March 23, 1995, WPL became a wholly-owned subsidiary following its acquisition by the Company from Waterfront Amusement and Gaming Limited. WPL and its wholly-owned subsidiary, CWIL were primarily established for the international marketing and promotion of hotels and casinos. In 2003, these companies have been temporarily laid inoperative in response to a general slow down in the economy. Management, however, commits to resume operations when better business opportunities present themselves in the future.

Waterfront Wellness Group, Inc. (formerly W Citigyms and Wellness Corp.) was incorporated and registered with the Securities and Exchange Commission on January 26, 2006, to engage in, conduct and carry on the general business of sporting and other recreational activities. The facilities of W Citigym include a fitness gym with the top-of-the line equipments and amenities. The Company also offers in-house massage for guests staying in Waterfront Cebu City Casino Hotel, Inc.

Waterfront Food Concepts was incorporated and registered with the Securities and Exchange Commission on January 26, 2004, to engage in the operation of restaurants and food outlets, manufacture, baked and unbaked desserts, breads and pastries supplies to in-store bakeries, coffee shops and food service channels. WFC supplies the pastries and desserts offered by WCCHI and WMCHI food outlets, as well as its local customers.

Waterfront Hotel Management Corp. was registered with the Securities and Exchange Commission on March 31, 2003 to engage in the management and operation of hotels, except management of funds, portfolios, securities, and other similar assets of the managed entity. In November 2006, WHMC started its commercial operations by managing the hotel operations of G-hotel Manila by Waterfront.

The G-Hotel Manila is a boutique hotel located at the heart of Manila fronting Roxas Boulevard. It is easily accessible from major thoroughfares. The hotel is approximately a twenty-minute drive from the Ninoy Aquino International Airport and is minutes away from the Makati Central Business District. With its residential chic appeal, G-Hotel Manila provides a comfortable backdrop for both business and pleasure in the metropolis. Combining both world-class services with posh modern minimalism, G-Hotel Manila serves a unique balance of substance and style in a trendy boutique hotel.

The hotel has 50 rooms consisting of 10 suites rooms and 40 deluxe rooms, which offer 24-hour personalized butler service. The hotel operates two outlets namely, the Café Noir which is the hotel’s coffee shop which offers Asian fusion menu and the Mirage, the hotel’s pool bar. Its function room, the Promenade, can cater to 250 people banquet style offering a marvelous view of the Manila Bay.

The hotel’s business center is equipped with flat screen computers, fax machines, telecommunications facilities and travel booking assistance.

WEC, was registered with the Securities and Exchange Commission on August 13, 2003 and successfully established the country’s first ever integrated hotel reservations and booking system featuring a full-service, round-the-clock, 7 days a week Central Reservation Office last October 2009. This service ranges from systems and solutions specializing in the operations hotel framework. It offers specialize hotel consultancy services to hotel owners, operators, brands, developers, lenders and investors with the support of hand-picked networks of experts covering all elements of the hotel or hospitality business within a global perspective.

Principles of Consolidation
The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity if and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and are included in the consolidated financial statements from the date when control commences until the date when control ceases.

The accounting policies of subsidiaries are being aligned with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Segment Reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker (CODM) of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

The Group's businesses are operated and organized according to the nature of business provided, with each segment representing a strategic business unit, namely, the Hotel operations, Marketing operations and Corporate and Other Operations segments.

The Group's only reportable geographical segment is the Philippines

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income is measured at the fair value of the consideration received, net of trade discounts, rebates, and other sales taxes or duties. The following specific criteria must also be met before income is recognized:

Rooms
Room revenue is recognized based on actual occupancy.

Food and Beverages
Food and beverage revenue is recognized when orders are served.

Rent and Related Income
Rent and related income on leased areas of the Group's properties is accounted for on a straight-line basis over the term of the lease, except for cancellable leases which are recognized at amount collected or collectible based on the contract provision.

Other Operating Departments and Other Revenues
Revenue from other operating departments and other revenues are recognized upon execution of

service or as contracted.

Interest Income
Interest income is recognized as it accrues using the effective interest method.

Other Income
Other income is recognized when earned.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense is recognized in profit or loss in the period in which they are incurred using the effective interest method.

Earnings (Loss) Per Share
Earnings (loss) per share ("EPS") is determined by dividing net income or loss for the year by the weighted average number of common shares subscribed and issued during the year, after retroactive adjustment for any stock dividend declared during the year. Diluted EPS is computed in the same manner as the aforementioned, except that all outstanding convertible preferred shares were further assumed to have been converted to common stock at the beginning of the period or at the time of issuance during the year.

1. Cash and Cash Equivalents
Included in cash and cash equivalents as of March 31, 2014 are composed mainly of cash deposited in various banks and short-term placements that earn an annual interest of 2% with an average maturity date of 30 days.

2. Receivables
This account consists:

	March 2014	**March 2013**
Trade	206,009,536	123,634,066
Others	286,698,380	301,754,603
	492,707,916	**425,388,670**
Less allowance for doubtful accounts	-22,553,897	-20,248,180
Total	**470,154,019**	**405,140,490**

3. Inventories
This account consists of:

	March 2014	**March 2013**
Food and Beverage	10,232,700	17,864,824
Operating Supplies	13,704,030	13,847,278
Others	1,357,141	2,715,133
Total	**25,293,871**	**34,427,235**

4. Related Party Transactions

These are interest bearing advances to MAHEC, TWIGI, PRC and FORUM subject for re-pricing and yearly renewal.

5. Accounts Payable and Accrued Expenses

This account consists of:

	March 2014	March 2013
Trade	206,285,265	233,642,963
Accrued Expenses	893,048,764	621,560,424
Others	360,931,961	317,930,270
Total	**1,460,265,990**	**1,173,133,658**

6. Loans Payable

This account consists of:

SSS Loan

On October 28, 1999, the Parent Company also obtained a five-year term loan from SSS amounting to P375 million originally due on October 29, 2004.

The SSS loan was availed of to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII, a related party, and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties of an independent custodian mutually agreed upon by both parties.

Presently, the Parent Company and SSS are locked in negotiations for the restructuring of the loan. However, with the change in management of SSS, The Parent Company plans to activate the proposed restructuring of the said loan which includes the condonation of interest and penalties. The Parent believes that it will be able to restructure the said loan.

ICBC Loan

This represents the balance of the US$15 million loan obtained from ICBC under the terms and conditions of a Facility Agreement issued on March 27, 1995 which was amended on September 17, 1997 (collectively, the "Existing Facility Agreement"). The loan underwent several restructurings. The latest restructuring was approved by ICBC on November 12, 2013 after the Group made partial payment of US$700,000.

PBB

On June 10, 2011, WCCCHI entered into a term loan agreement with PBB amounting to P300 million for the purpose of taking out the remaining balance of the loan with COSCO Holdings, Inc. The loan matures in two (3) years, inclusive of a one-year grace period on principal payments. The loan bears interest at 12% per annum and is secured by a Mutual Trust Indenture (MTI) covering the Hotel at a minimum of 200% cover, an assignment of PAGCOR rentals and assignment of leasehold rights. Subsequently, all the proceeds of the loan were advanced to WPI for the payment of the COSCO loan

In 2012, WCCCHI entered into another term loan agreement with PBB amounting to P250 million. The loan matures in three years and shall bear an interest rate of 10% per annum to be reprised every month payable in arrears. WCCCHI, however, is allowed to fully or partially pre-terminate the loan. The loan is secured by the assignment of rental payments from PAGCOR on the leases of hotels, plus real estate mortgage on the hotel building and other improvements.

On January 9, 2013, WMCHI entered into another term loan agreement with PBB amounting to P300 million. The loan had been released in four (4) installments starting on January 9, 2013 for P80 million, on February 4, 2013 for P120 million, on March 11, 2013 for P50 million and on April 4, 2013 for P50 million with a stated interest rate fixed at 10% per annum from the date the loan was released to be reprised every month and payable in arrears. The loan will mature in two (2) years and is not secured by any assets or properties. The proceeds of the loan shall be used exclusively for the Phase II renovation costs of APHC. The loan proceeds were subsequently advanced to WPI who ultimately advance the same to APHC.

7. The earnings (loss) per share is computed as follows:

	March 2014	March 2013
Net Income (Loss)	32,470,044	31,686,217
Weighted Average Number of Shares Outstanding	2,498,991,753	2,498,991,753
Earnings (Loss) per share	**0.013**	**0.013**

There are no dilutive potential shares as of March 31, 2014 and 2013.

8. Lease Agreement with Philippine Amusement and Gaming Corporation ("PAGCOR')

On December 1, 2010, PAGCOR and APHC amended the lease contract, otherwise known as the Omnibus Amended Lease Contract (OALC) extending the lease term and expanding the lease area. The OALC shall cover the Main Area (7,093.05 sq. m.), Expansion Area A (2,130.36 sq. m.), Expansion Area B (3,069.92 sq. m.) and Air Handling Unit (AHU) Area (402.84 sq. m.) for a total lease area of 12,696.17 square meters. The lease agreement is until December 16, 2016.

The monthly rent to be applied on the leased areas are as follows: Main Area shall be P2, 621.78 per square meter, Expansion Area A shall be P1,248.47 per square meter, Expansion Area B shall be P1,600 per square meter and the AHU Area shall be free of rent. Annual escalation rate of 5% shall be applied on the third and fourth year of the lease. The Amended Lease Contract is until December 30, 2016, and may be renewed, in accordance with the law, at the option of the Lessee under such terms and conditions as may be agreed upon by the parties.

On March 21, 2011, WCCCHI and WMCHI renewed their respective Lease Contracts with PAGCOR, in order to consolidate, simplify, reconcile and update the terms and conditions of the contract of lease and its amendments. The Lease Contract shall cover a total area of 13,677.08 sq. m., for WCCCHI, particularly described as follows: Main Area 8,123 sq. m., Slot Machine Expansion Area 883.38 sq. m., Mezzanine 2,335 sq. m., 5th Floor Junket Area 2,336 sq. m. The monthly rent for each area is P1, 772.96 per sq. m., and for the 5th Floor Junket Area the rent is free for a period of one (1) year from the execution of the Lease Contract. In the event that the lease over the 5th Floor Junket Area is continued by the Lessee, the parties shall agree on the monthly rent and the duration of the lease for the said area.

For WMCHI the Lease Contract shall cover a total area of 5,152.24 sq. m consisting of Main Casino Area of 4,076.24 sq. m., and a Chip Washing Area of 1,076 sq. m. The monthly rent for the Main Casino Area is P 1,772.96 per sq. m. and for the Chip Washing Area is P1, 688.53 per sq. m.

The monthly rent for the Leased Premises is Value Added Tax (Vat) exclusive, zero-rated transactions. Starting on January 3, 2013 and every year thereafter, the monthly rent for the Main Area, Slot Machine Expansion Area, Mezzanine, Main Casino Area and the Chip Washing Area for both WCCCHI and WMCHI, shall be adjusted by five (5%) on year after the lease thereon is continued by the Lessee and every year thereafter. The Lease Contracts for both WCCCHI and WMCHI is until August 2, 2016, and may be renewed, in accordance with the law, at the option of the Lessee under such terms and conditions as may be agreed upon by the parties.

9. Other Lease Agreements

Land under Operating Lease

On September 15, 1994, Waterfront Hotel and Resort Sdn. Bhd. (WHR), a former related party, executed a lease contract with Mactan Cebu International Airport Authority (MCIAA) for the lease of certain parcels of land where the hotels were constructed. On October 14, 1994, WHR assigned its rights and obligations on the MCIAA contracts to WCCCHI and WMCHI.

WCCCHI and WMCHI shall pay MCIAA fixed rentals per month plus a 2% variable rent based on the annual gross revenues of WCCCHI and WMCHI, as defined in the agreements. The leases are for a period of 50 years, subject to automatic renewal for another 25 years, depending on the provisions of the applicable Philippine laws at the time of renewal.

Land under Finance Lease
In the period prior to October 2011, APHC and CIMAR entered into a finance lease agreement. Accordingly, APHC recognized the lease asset, "Land under finance lease," and lease liability, "Obligations under finance lease."
Series of disputes ensued between ALB (former parent company of CIMAR) whereby CIMAR filed an ejectment case and demanded possession of land plus interest.
As disclosed in Note 11, APHC executed a MOA with CIMAR to amicably settle all pending cases and controversies between the two parties. As part of the amicable settlement with ALB and CIMAR, the existing accrued interest on the lease liability of APHC to CIMAR prior to acquisition date formed part of (netted from) the total net consideration when the APHC acquired CIMAR (see Note 11). Moreover, the land and the corresponding lease liability were derecognized in 2011 as the consequence of the acquisition of CIMAR and the cancellation of the finance lease liability. This resulted to the reduction of the "Revaluation surplus in property and equipment" and of the "Non-controlling interest."

In July 2011, the RTC of Manila issued an order granting the joint motion to dismiss the ejectment case filed by APHC and CIMAR.

Equipment under Finance Lease
DIHCI leased certain equipment for a monthly fee of P125, 000 starting November 2005 for 10 years from Edward Marcs Philippines, Inc. (EMPI). At the end of the 10-year lease period, EMPI shall transfer to DIHCI, free from any lien or encumbrance created by EMPI and without any payment of any compensation, all its rights, title and interest in and to the equipment.

On August 22, 2006, WCCCHI executed a lease-to-own contract with Philippine Long Distance Telephone Company (PLDT) for a PABX Nortel Option 81C for its telecommunications requirements with initial configuration of 50 trunks with 1022 local lines. WCCCHI made a down payment of P1.4 million in January 2007 upon acceptance of the PABX equipment and shall pay the remaining balance in a fixed minimum monthly lease payments of P370,000 for a period of 80 months. Upon full payment of the pre-termination penalty and all amounts due owing to PLDT under the executed contract, PLDT shall transfer ownership over the PABX Equipment and issue the documents necessary for ownership transfer to WCCCHI at the end of the term of lease agreement.

10. Commitments and Contingencies

On November 10, 2008, the Parent Company received a preliminary assessment notice from the BIR for deficiency taxes for the taxable year 2006. On February 9, 2009, the Parent Company sent a protest letter to BIR contesting the said assessment.

On February 18, 2009, the Regional Office of the BIR sent a letter to the Parent Company informing the latter that the docket was returned to Revenue District Office for reinvestigation and further verification. On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.3 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the VAT and compromise penalty assessments. WPI decided not to contest the EWT assessment. The BIR filed its motion for reconsideration (MR) on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013 docketed as CTA EB No. 1070 where it is awaiting decision by the CTA.

MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Below are the results of operations of the Parent Company and its subsidiaries, for the period ending March 31, 2014 and 2013 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

	Jan-March 2014	Jan-March 2013
Revenues	**487,420,329**	**495,206,812**
Less: Costs and Expenses	335,585,464	332,302,097
Net Income (Loss) Before Fixed Financial and Other Charges	**151,834,865**	**162,904,715**
Less: Fixed Financial and Other Charges (Dep'n and Amort'n, and Interest)	108,609,632	129,771,958
Income (Loss) before Income Tax	**43,225,233**	**33,132,756**
Income Tax Expense (Benefit)	0.00	96,100
Income (Loss) before Share in Minority Interest	**43,225,233**	**33,036,656**
Share of Minority Interest	**10,755,189**	**1,350,439**
Net Income (Loss)	**32,470,044**	**31,686,217**
Earnings (loss) Per share	**0.013**	**0.013**

FINANCIAL CONDITION

	March 2014	March 2013
Assets		
Current assets	2,418,154,920	2,479,778,779
Non-current Assets	6,623,431,692	6,076,078,720
Total Assets	**9,041,586,612**	**8,555,857,499**
Liabilities and Stockholders' Equity		
Current Liabilities	2,035,057,493	2,162,902,294
Non-current Liabilities	2,402,883,982	1,955,026,489
Total Stockholders' Equity	3,867,920,722	3,750,501,503
Minority Interest	735,724,415	687,427,213
Total Liabilities and Stockholders' Equity	**9,041,586,612**	**8,555,857,499**

RESULTS OF OPERATIONS

Period ended March 31, 2014 compared to Period Ended March 31, 2013.

Income Statement

Hotel and other subsidiaries gross revenues for the 1st quarter is Php487 million compared the 1st quarter last year of Php495 million; a decrease of 1.57%. The reason of the decrease in revenue is due to the rapid rising of city hotels.

Seasonality or Cyclicality of Interim Operations

1ST QUARTER

The occupancy for the two (2) hotels, WCCCHI and WMCHI, are high during the months of January and February because of the celebration of the Feast of Sto. Niño better, renowned as the "Sinulog" as well as the celebration of the Chinese New Year. Many visitors come to Cebu during this time just to witness and participate in the festivities. Sinulog is one of the city's main pull for tourists as well as other locals. The celebration of the Chinese New Year also added to the Company's revenues. As we all know, the country's full of Chinese nationalities and businessmen that celebrating their new year would really be an advantage to the hotels in terms of revenues. The month of March tends to be a slow one for all the hotels. The occupancy percentage depends on the bookings of rooms and functions scheduled by convention organizers, government agencies and tour-group bookings.

Despite the vindictive economic condition of the country especially in hotel industry, the company still survives to continue to serve and give world class facilities, diverse and absolute entertainment system that brings attraction to the Province of Cebu which attracts local, regional and international visitors, to a highly competitive market

Steering through these unfavorable circumstances is a challenge, yet our organization continues to thrive; determined to look beyond the negative and to accentuate the constructive.

TOP FIVE (5) PERFORMANCE INDICATORS

	Jan-Mar 2014	Jan-Mar 2013
Occupancy Percentage	63.81%	65.70%
Average Room Rates	2,395.00	2,234.62
Food Covers	58,669.00	62,243.60
Average Food Checks	343.14	352.16
Average Food Costs	34%	37%

Occupancy Percentage
The occupancy percentage grew down by 1.9% as compared to 1st quarter last year. Occupancy percentage is computed by dividing the total number of rooms sold over the total number of rooms available for sale.

Average Room Rate
Average room rate is 7.2% higher compared to 1st quarter last year; this mainly due to room promotions offered by WCCCHI and WMCHI to compete with the newly open hotels in Cebu that offered promo rates. Average room rate is computed by dividing the net rooms revenue over the total number of rooms sold.

Food Covers
Food covers this quarter decreased by 5.7% compared to the 1st quarter last year. This is mainly because there were fewer functions and conventions this time. Food covers pertains to the number of guests that availed of the restaurants services.

Average Food Check
The average food check or average consumption per guest this quarter grew down by 2.6% compared to 1st quarter last year. Average Food Check is derived by dividing the total food and beverage revenue by total food covers.

Average Food Cost
The average food cost decreased by 3% from previous year of the same quarter. This is mainly due to the fewer functions and conventions this quarter compared to the same quarter last year. Average Food Cost is computed by dividing the total food and beverage revenue by total food cost.

Revenues and Earnings per Share
Revenues decreased by 1.57% for the first quarter of 2013 as compared to previous year of the same quarter while operating expenses increased by 0.99%. The whole operation resulted to a net income of P32.4 million, which is 2.47% higher compared to last year same quarter.

Earnings per share this quarter is (P0.013) while same quarter last year was also (P0.013).

Fixed Financial and Other Charges
Total fixed financial and other charges for this quarter is 16% lower compared to same quarter last year. This account includes the depreciation and interest expenses from the loans from the banks.

Interest Expense this quarter is lower by 43% as compared to the 1st quarter last year.

FINANCIAL CONDITION

Cash and Cash Equivalents
Cash and cash equivalents as of the 1st quarter of this year is Php135 million compared to 1st quarter of Php100 million; an increased of 35%. The reason for this is that the company has tried to avail of the prompt payment discount offered by some suppliers whenever there is an excess fund and prompt collection of receivables from corporate clients.

Receivables
Receivables for the period increased by 16% from P405 million 1st quarter last year to P470 million 1st quarter this year. The increase was attributable to the higher sales volume but on account basis. The company continues to monitor the credit sales and strictly followed the 30 days credit term.

Inventories
Inventory for this quarter is P25million this year while last year was P34 million. Best effort was exerted to maintain the inventories on a very reasonable level. The company was nimble enough to react quickly to changes in customer demand and do it with little inventory to prevent a long lead times in-order to minimize cost.

Due from related parties-current portion
This account has decreased by 10% from last year's first quarter. This also represents interest bearing advances with MAHEC, TWGI, PRC and FHI at a rate of two percent (2%) per annum. Advances to TWGI, PRC MAHEC and FHI are subject for annual re-pricing and renewal.

Property, Plant and Equipment
There is a increased of 9% on this account. This is mainly due to depreciation.

Other Non-current assets
This is composed of rent receivables, refundable deposits and others.
Special project deposits pertain to deposits granted to contractors in connection with the renovation

work at of WCCCHI and APHC. Others represent input VAT, advances to officers and employees, and deposits to service providers such as security and janitorial services.

Accounts Payable and Accrued Expenses
This account has increased by 24%. Despite the increase, the company has tried to avail of the prompt payment discount offered by some suppliers whenever there is an excess fund.

Loans Payable – current and non-current
There is an increase of 9% or Php89 million on this account. This comprises loans from Phil. Business Bank, Social Security System and Industrial Commercial Bank of China. Series of payments were made to fulfill its obligation to settle the account.

Other Non-current Liabilities
There is an increase of 33% of this account from 496 million to 659 million in 2014. The account compiles rent received in advance< PAGCOR and retirement benefits.

Deferred Tax Assets and Deferred Tax Liabilities
Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax is not recognized for:
***temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
***temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
taxable
***temporary differences arising on the initial recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset (DTA) is recognized only to the extent that it is probable that future taxable profits will be available against which the DTA can be utilized. DTA is reduced to the extent that it is no longer probable that the related tax benefit will be realized. The items comprising the DTA are reviewed at each reporting date and adjustments are made, if appropriate.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or either tax assets and liabilities will be realized simultaneously.

Key Variable and Other Qualitative and Quantitative Factors:

a. Any known Trends, Events or Uncertainties-(material impact on liquidity)-NONE

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

c. There are no 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.

d. The Group is not subject to externally-imposed capital requirements.

e. From continuing operations, the Company is not exposed to any significant elements of income or

loss except for those already affecting profit or loss.

f. There are no significant elements of income or loss or any events that did not arise from the issuer's continuing operations other than those already affecting profit or loss.

g. The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have material effect in the current interim period. – NONE

f. There were no dividends paid aggregate or per share separately for ordinary shares and other shares.

The interim financial statements as of March 31 , 2014 shall contain the following disclosure:

i. Separate Financial Statements
PAS 27 (2011) supersedes PAS 27 (2008). PAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

Investment Entities (Amendments to PFRS 10, PFRS 12, and PAS 27 (2011)). These amendments provide consolidation exception for investment funds and require qualifying investment entities to recognize their investments in controlled entities, as well as investments in associates and joint ventures, in a single line item in the statement of financial position, measured at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. However, the parent of an investment entity (that is not itself an investment entity) is still required to consolidate all subsidiaries. This consolidation exception is mandatory.

ii. Investments In Associate and Joint Ventures – Not Applicable

iii. Government Loans – Not Applicable

iv. Disclosure –Offsetting Financial Asssts and Financial Liablities – Applicable
Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7).
These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are:

***offset in the statement of financial position; or
***subject to enforceable master netting arrangements or similar agreements

They include a tabular reconciliation of gross and net amounts of financial assets
and financial liabilities, separately showing amounts offset and not offset in the statement of financial position.

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

Financial Risk Management

The Group's principal financial instruments comprise of cash and cash equivalents, receivables,

due from related parties, AFS investments, accounts payable and accrued expenses, other current liabilities, due to related parties, loans payable, and other noncurrent liabilities. The main purpose of these financial instruments is to raise finances for the Group's operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and nontrade receivables. The Group trades only with recognized, creditworthy third parties. It is the Group'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 Group's exposure to bad debts is not significant. With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained thru related party advances and from bank loans, when necessary. Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there is sufficient working capital inflows to match repayments of short-term debt.

Market risk
The risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

Interest Rate Risk
Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to the risk changes in market interest rates relates primarily to the interest-bearing loans from PNB, SSS, PAGCOR and ICBC. Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters into hedging transactions.

Cash flow interest rate risk
The following table illustrates the sensitivity of net income and equity for 2013, and 2012 to a reasonably possible change in interest rates based on the historical volatility of SIBOR rates in the immediately preceding 12-month period. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's loan payable as at the reporting date.

Fair value interest rate risk
There are no other impact on the Group's equity other than those already affecting profit or loss in 2014 and 2013.

Foreign Currency Risk
Currency risk arises when transactions are denominated in foreign currencies. As a result of loan payable from ICBC which is denominated in US dollar, the Group's consolidated statements of financial position can be affected by movements in this currency. Aside from this and certain cash, the Group does not have any material transactional foreign exchange risks as its revenue and costs are substantially denominated in Philippines peso.

The Group monitors and assesses cash flows from anticipated transactions and financing agreements denominated in foreign currencies. The Group manages its foreign currency risk by measuring the mismatch of the foreign currency sensitivity gap of assets and liabilities.

There is no other impact on the Group's equity other than those already affecting profit or loss.

Price Risk
The Group is exposed to equity securities price risk because of the investment in shares of stock of WII held by the Group which are classified as AFS investments in the consolidated statements of financial position. These securities are listed in the PSE.

The Group is not exposed to commodity price risk.

Fair Value of Financial Assets and Liabilities
The carrying amounts of cash and cash equivalents, receivables, due from related parties - current portion, accounts payable and accrued expenses, loans payable - current and other current liabilities approximate their fair values as these have short-term maturities and are considered due and demandable.

The fair value of interest-bearing due from related parties - noncurrent and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

Risk Management Structure
Board of Directors
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee
Risk management committee is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits set by the BOD.

Capital Management
The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2014, 2013 and 2012.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2013, 2012 and 2011. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statements of changes in equity.

The Group is not subject to externally-imposed capital requirements.

WATERFRONT PHILIPPINES, INCORPORATED & SUBSIDIARIES
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING
As of March 31, 2014

Trade Receivables	0-30 days	31-60 days	61-90 days	91-120 days	121 days over	TOTAL
Waterfront Cebu City Hotel & Casino	10,456,135.90	3,197,544.55	576,743.26	423,179.85	2,245,732.39	16,899,335.95
Waterfront Airport Hotel & Casino	6,197,979.82	-	22,400.00	-	49,595.20	6,269,975.02
Waterfront Insular Hotel Davao	7,230,577.72	29,892.89	10,984.45	6,600.00	1,644,586.05	8,922,641.11
Manila Pavilion Hotel	13,526,114.80	4,512,953.67	3,649,590.70	1,733,484.98	8,866,265.44	32,288,409.59
G-Hotel	507,728.05	225,165.00	-	1,062,550.00	887,419.15	2,682,862.20
Total	**37,918,536.29**	**7,965,556.11**	**4,259,718.41**	**3,225,814.83**	**13,693,598.23**	**67,063,223.87**

108082014001193

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Industry Classification	
Company Type	Stock Corporation

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(Company's Full Name)

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O F F   S A L I N A S   D R I V E   L A H U G

C E B U   C I T Y

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

MS. IRISH CHARA LAWAS	(02) 559-0130
Contact Person	Company Telephone Number

1 2	3 1	17 - Q2	0 9	1 3
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

482		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

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SECURITIES AND EXCHANGE COMMISSIONSEC 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, 2014
2. SEC Identification Number
   AS 094-8678
3. BIR Tax Identification No.
   D80-003-978-254-NV

4. Exact name of issuer as specified in its charter
   WATERFRONT PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization
   PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City Postal Code ***6000***
8. Issuer's telephone number, including area code
   (032) 232- 6888
9. Former name or former address, and former fiscal year, if changed since last report
   NOT APPLICABLE
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 Shares- P 1.00 par value	Issued- 2,498,991,753

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 ***Common***

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

Waterfront Philippines, Incorporated(WPI)

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 quarterly period ended June 30, 2014

Currency (indicate units, if applicable) Peso

Balance Sheet

	Quarterly Period Ended	Calendar Year Ended (Audited)
	As of June 30, 2014	As of December 31, 2013
Current Assets	2,326,526,575	2,359,380,385
Total Assets	8,890,032,444	9,203,897,269
Current Liabilities	1,615,193,168	2,224,979,328
Total Liabilities	4,221,231,861	4,606,061,804
Retained Earnings/(Deficit)	-1,410,847,471	-1,469,509,833
Stockholders' Equity	4,668,800,583	4,597,835,465
Stockholders' Equity - Parent	3,931,039,850	3,872,866,239
Book Value per Share	1.868	1.839

Income Statement

	Current Year-To-Date	Previous Year-To-Date	Current Year (3 Months)	Previous Year (3 Months)
Operating Revenue	934,556,846	932,068,061	455,107,837	448,540,453
Other Revenue	14,406,746	19,989,323	6,438,066.63	8,310,119
Gross Revenue	948,963,592	952,057,384	461,545,904	456,850,572
Operating Expense	596,457,175	612,800,023	315,286,027	309,511,440
Other Expense	50,217,645	54,484,346	15,803,329	25,470,832
Gross Expense	646,674,820	667,284,369	331,089,356	334,982,272
Net Income/(Loss) Before Tax	71,453,869	26,304,625	8,228,636	-6,828,133
Income Tax Expense	0.00	0.00	0.00	0.00
Net Income/(Loss) After Tax	71,453,869	26,304,625	8,228,636	-6,828,133
Net Income Attributable to Parent Equity Holder	58,662,362	29,705,842	6,192,318	-1,980,377
Earnings/(Loss) Per Share (Basic)	0.023	0.012	0.002	-0.001
Earnings/(Loss) Per Share (Diluted)	0.023	0.012	0.002	-0.001

Other Relevant Information

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to Annex A.

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

Please refer to Annex B.

PART II--OTHER INFORMATION

NONE.

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.

Registrant: ***Waterfront Philippines, Inc.***

Issuer ***Atty. Arthur R. Ponsaran***

Signature and Title ______________________
Corporate Secretary

Date 08/11/2014

Principal Financial/Accounting Officer/Controller ***Precilla O. Toriano***

Signature and Title ______________________
Compliance Officer/ Director for Finance

Date 08/11/2014

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION-UNAUDITED
As of June 30, 2014

	CONSOLIDATED					
	Unaudited		Unaudited		Audited	
		June 30, 2014		June 30, 2013		December 31, 2013
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents		183,759,861	P	91,776,813	P	71,807,950
Trade and Other Receivables-net		565,871,697		467,070,595		191,340,325
Inventories		24,945,316		29,716,937		26,691,581
Due from affiliated companies-current portion		1,480,807,142		1,948,940,475		2,001,628,340
Prepaid Expenses and Other Current Assets		71,142,559		7,809,588		67,912,189
Total Current Assets		2,326,526,575		2,545,314,408		2,359,380,385
Noncurrent Assets						
Property and equipment-net		6,403,805,389		5,886,416,045		6,505,409,658
Available-for-sale Investments		16,908,450		26,013,000		16,908,450
Deferred Tax Assets		44,164,488		94,227,046		247,525,682
Other noncurrent assets		98,627,542		493,224,367		74,673,094
Total Noncurrent Assets		6,563,505,869		6,499,880,458		6,844,516,884
Total Assets	P	8,890,032,444	P	9,045,194,866	P	9,203,897,269
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	P	1,049,471,890	P	1,349,063,887	P	1,249,043,043
Loans Payable-current portion		375,000,000		684,962,327		847,184,455
Income tax payable		-		96,100		17,970,786
Provisions		-		-		45,575,012
Other current liabilities		190,721,278		301,502,210		65,206,032
Total Current Liabilities		1,615,193,168		2,335,624,524		2,224,979,328
Noncurrent Liabilities						
Loans Payable-noncurrent portion		717,567,067		759,166,667		251,297,183
Deferred tax liabilities		1,109,194,272		839,525,197		1,252,615,432
Other noncurrent liabilities		779,277,354		679,681,793		877,169,861
Total Noncurrent Liabilites		2,606,038,693		2,278,373,657		2,381,082,476
Total Liabilites		4,221,231,861		4,613,998,181		4,606,061,804
Equity Attributable to Equity Holders of the Parent Company						
Capital Stock		2,498,991,753		2,498,991,753		2,498,991,753
Additional paid-in capital		706,364,357		706,364,357		706,364,357
Revaluation increment in property and equipment		2,072,860,019		1,982,306,439		2,072,860,019
Unrealized valuation loss on AFS investments		2,701,628		7,982,267		2,701,628
Foreign currency translation adjustment		24,042,754		35,801,255		24,042,754
Deficit						
Appropriated		-		140,000,000		140,000,000
Unappropriated		(1,410,847,471)		(1,622,924,943)		(1,609,509,833)
Retirement Reserves		36,926,810				37,415,561
Total Stockholders Equity		3,931,039,850		3,748,521,128		3,872,866,239
Non-controlling Interest		737,760,733		682,675,557		724,969,226
Total Liabilities & Stockholders Equity	P	8,890,032,444	P	9,045,194,866	P	9,203,897,269

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME -UNAUDITED
For the Quarter Ended June 30, 2014

	CONSOLIDATED		
	Unaudited	Unaudited	Audited
	Apr-Jun 2014	Apr-Jun 2013	December 31, 2013
REVENUES			
Hotel	P 431,155,893	P 419,533,045	P 1,930,763,056
Nonhotel	23,951,944	29,007,408	23,952,650
Interest and other income	6,438,066.63	8,310,119	24,376,009
Subtotal	461,545,904	456,850,572	1,979,091,715
OPERATING EXPENSES			
Hotel	315,286,027	309,511,440	1,123,685,642
Nonhotel	15,803,329	25,470,832	337,805,199
Subtotal	331,089,356	334,982,272	1,461,490,841
INCOME BEFORE FIXED FINANCIAL AND OTHER CHARGES	130,456,548	121,868,300	517,600,874
FIXED, FINANCIAL AND OTHER CHARGES			
Depreciation and amortization	93,166,798	82,966,973	349,652,722
Interest Expense	29,059,625	29,289,741	163,830,581
Interest Income	1,488	(1,472)	(33,621,918)
Casualty Loss	-	-	44,511,664
Impairment losses, bad debts written off and provisions	-	-	33,316,701
Foreign exchange losses(gains) - net	-	-	12,851,819
Others-net	-	16,441,191	8,438,710
Subtotal	122,227,912	128,696,433	578,980,279
INCOME BEFORE INCOME TAX	8,228,636	(6,828,133)	(61,379,405)
PROVISION FOR INCOME TAX			
Current	-	(96,100)	3,952,111
Deferred	-	-	
INCOME (LOSS) BEFORE SHARE OF MINORITY INTEREST	8,228,636	(6,732,033)	(65,331,516)
SHARE OF MINORITY INTEREST	2,036,318	(4,751,656)	4,482,312
NET INCOME(LOSS)	6,192,318	(1,980,377)	(69,813,828)
OTHER COMPREHENSIVE INCOME			
Foreign currency translation differences for foreign operations	-	-	(11,758,501)
Net change in fair value of available-for-sale financial assets	-	-	(9,104,550)
Actuarial gains(losses) on defined benefit plan	-	-	72,086,443
Appraisal increase on property and equipment	-	-	353,000,906
Write-off of revaluation surplus resulting from casulaty loss	-	-	(21,024,771)
Deferred tax effect	-	-	(120,863,334)
Total	-	-	262,336,193
TOTAL COMPREHENSIVE INCOME	P 8,228,636	P -6,732,033	P 197,004,677
EARNINGS (LOSS) PER SHARE	P0.002	-P0.001	(P0.028)

*There are no dilutive potential shares as of June 30, 2014 and 2013

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES **"Annex-A"**

CONSOLIDATED STATEMENT OF INCOME -UNAUDITED

As of June 30, 2014

	CONSOLIDATED		
	Unaudited	Unaudited	Audited
	Jan-June 2014	Jan-June 2013	December 31, 2013
REVENUES			
Hotel	P 886,807,813	P 872,960,899	P 1,930,763,056
Nonhotel	47,749,032	59,107,162	23,952,650
Interest and other income	14,406,746	19,989,323	24,376,009
Subtotal	948,963,592	952,057,384	1,979,091,715
OPERATING EXPENSES			
Hotel	596,457,175	612,800,023	1,123,685,642
Nonhotel	50,217,645	54,484,346	337,805,199
Subtotal	646,674,820	667,284,369	1,461,490,841
INCOME BEFORE FIXED FINANCIAL AND OTHER CHARGES	302,288,772	284,773,015	517,600,874
FIXED, FINANCIAL AND OTHER CHARGES			
Depreciation and amortization	173,377,407	164,637,414	349,652,722
Interest Expense	57,460,137	79,456,435	163,830,581
Interest Income	(2,641)	(1,538)	(33,621,918)
Casualty Loss	-	-	44,511,664
Impairment losses, bad debts written off and provisions	-	-	33,316,701
Foreign exchange losses(gains) - net	-	-	12,851,819
Others-net	-	14,376,080	8,438,710
Subtotal	230,834,903	258,468,390	578,980,279
INCOME BEFORE INCOME TAX	71,453,869	26,304,625	(61,379,405)
PROVISION FOR INCOME TAX			
Current	-	-	3,952,111
Deferred	-	-	
INCOME (LOSS) BEFORE SHARE OF MINORITY INTEREST	71,453,869	26,304,625	(65,331,516)
SHARE OF MINORITY INTEREST	12,791,507	(3,401,217)	4,482,312
NET INCOME(LOSS)	58,662,362	29,705,842	(69,813,828)
OTHER COMPREHENSIVE INCOME			
Foreign currency translation differences for foreign operations	-	-	(11,758,501)
Net change in fair value of available-for-sale financial assets	-	-	(9,104,550)
Actuarial gains(losses) on defined benefit plan	-	-	72,086,443
Appraisal increase on property and equipment	-	-	353,000,906
Write-off of revaluation surplus resulting from casulaty loss	-	-	(21,024,771)
Deferred tax effect	-	-	(120,863,334)
Total	-	-	262,336,193
TOTAL COMPREHENSIVE INCOME	P 71,453,869	P 26,304,625	P 197,004,677
EARNINGS (LOSS) PER SHARE	P0.023	P0.012	(P0.028)

*There are no dilutive potential shares as of June 30, 2014and 2013

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-UNAUDITED

As of June 30, 2014

	CONSOLIDATED		
	Unaudited	Unaudited	Audited
	June 30, 2014	June 30, 2013	December 31, 2013
CAPITAL STOCK			
Balance, beginning of the period	P 2,498,991,753	P 2,498,991,753	P 2,498,991,753
Issuance of shares	-	-	-
Balance, end of period	2,498,991,753	2,498,991,753	2,498,991,753
Additional Paid-in Capital	706,364,357	706,364,357	706,364,357
Revaluation Surplus in Property and Equipment			
Balance, beginning of the period	2,072,860,019	1,982,306,439	1,982,306,439
Other comprehensive income, net of tax			
Transfer of revaluation surplus absorbed through		-	195,375,166
depreciation for the year-net of income tax effect	-	-	(104,821,586)
Balance, end of the period	2,072,860,019	1,982,306,439	2,072,860,019
Unrealized Valuation Gain (Loss) on AFS Investment			
Balance, beginning of the period	2,701,628	7,982,267	7,982,267
Valuation Loss taken into equity during the year	-	-	(5,280,639)
Effect of the increase in non-controlling interest due to sale			
of an interest in a subsidiary	-	-	-
Balance, end of the period	2,701,628	7,982,267	2,701,628
Foreign Curreny Translation			
Balance, beginning of the period	24,042,754	35,801,255	35,801,255
Translation adjustment during the year	-	-	(11,758,501)
Balance, end of the period	24,042,754	35,801,255	24,042,754
Deficit			
Appropriation for renovation and business expansion	-	140,000,000	140,000,000
Unappropriated:			
Balance beginning of the year	(1,609,509,833)	(1,652,630,785)	(1,652,630,785)
Transfer of revaluation surplus			
absorbed through depreciation for the year net of tax effect	-	-	122,934,780
Appropriation for the year	-	-	(10,000,000)
Reversal of appropriated retained earnings	140,000,000	-	-
Net Income (Net Loss)	58,662,362	29,705,842	(69,813,828)
Balance, end of the period	(1,410,847,471)	(1,622,924,943)	(1,609,509,833)
Total deficit	(1,410,847,471)	(1,482,924,943)	(1,469,509,833)
Retirement benefits reserve	36,926,810	-	37,415,561
Total Equity Attributable to Equity			
Holders of the Parent Company	P 3,931,039,850	P 3,748,521,128	P 3,872,866,239

WATERFRONT PHILIPPINES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS-UNAUDITED
As of June 30, 2014

	CONSOLIDATED		
	Unaudited	Unaudited	Audited
	June 30, 2014	June 30, 2013	December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P 71,453,869	P 26,304,625	(61,379,405)
Adjustments for:			
Depreciation and amortization	173,377,407	164,637,414	349,652,722
Interest expense	57,460,137	79,456,435	163,830,581
Casualty loss	-	-	44,511,664
Retirement benefits reserve	(488,751)	-	36,478,197
Provision for impairment losses on receivable	-	-	33,316,701
Unrealized foreign exchange loss(gain)	-	14,376,080	12,756,646
Loss on disposal of property and equipment	-	-	-
Interest income	(12,870,852)	(19,989,323)	(33,621,918)
Operating income before working capital changes	288,931,810	264,785,231	545,545,188
Decrease (increase) in:			
Receivables	(374,531,372)	(301,951,034)	(39,216,160)
Inventories	1,746,265	123,634	3,148,990
Prepaid expenses and other current assets	(3,230,370)	19,351,645	(31,005,197)
Increase (decrease) in:			
Accounts payable and accrued expenses	(199,571,153)	223,851,067	(21,119,781)
Other current liabilities	79,940,234	287,419,002	(7,819,639)
Cash generated from operations	(206,714,586)	493,579,545	449,533,401
Interest received	12,870,852	19,989,323	123,427
Income taxes paid	(17,970,786)	(14,217,866)	(49,681,341)
Retirement plan contributions paid	-	-	(14,875,658)
Interest paid	(57,460,137)	(79,456,435)	(149,873,765)
Net cash provided by (used in) operations	(269,274,657)	419,894,567	235,226,064
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	(71,773,138)	410,170,562	(103,654,721)
Investment in subsidiary	-	203,019,736	-
Payment of contract payable	-	-	-
Decrease in due from related parties	520,821,198	-	208,241,182
Proceeds from sale of an equity interest in subsidiary	-	-	-
Decrease (increase) in other non-current assets	179,406,747	(178,506,909)	55,748,740
Net cash provided by (used in) investing activities	628,454,807	434,683,389	160,335,201
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase(decrease) in loans payable	(5,914,571)	(314,128,747)	(313,098,843)
Decrease in due from related parties	-	227,430,556	(87,377,652)
Increase (decrease) in other non-current liabilities	(241,313,668)	(752,826,132)	-
Payment of obligation under finance lease	-	-	-
Net cash used in financing activities	(247,228,239)	(839,524,323)	(400,476,495)
Decrease in translation adjustment for the year	-		-
Net increase (decrease) in cash and cash equivalents	111,951,911	15,053,633	(4,915,230)
Cash and cash equivalents at beginning of year	71,807,950	76,723,180	76,723,180
Cash and cash equivalents at end of year	P 183,759,861	P 91,776,813	P 71,807,950

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WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Organization and Status of the Business

Corporate Information
Waterfront Philippines, Incorporated ("the Parent Company") was incorporated in the Philippines, and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994. WPI is 46%-owned by The Wellex Group, Inc. ("TWGI") and is listed in the Philippine Stock Exchange (PSE). It holds equity interest in hotels and resorts, a fitness gym, entities engaged in the international marketing and promotion of casinos, manufacturing of pastries, hotel management and operations.

The Parent Company and the following subsidiaries were incorporated in the Philippines, except for Waterfront Promotion Ltd (WPL) and Club Waterfront Limited (CWIL), which were registered in the Cayman Islands. The details of the equity interest of the Parent Company are shown below:

	Percentage of Ownership	
	Direct	Indirect
Hotels and resorts:		
Waterfront Cebu City Casino Hotel, Inc. (WCCCHI)	100	-
Waterfront Mactan Casino Hotel, Inc. (WMCHI)	100	-
Davao Insular Hotel Company, Inc. (DIHCI)	98	-
Acesite (Philis.) Hotel Corporation (APHC)	58	-
Grand Ilocandia Resort and Development, Inc. (GIRDI)	54	-
Real Estate:		
CIMA Realty Phils. Inc.		58
Fitness gym:		
W Citigyms & Wellness, Inc. (W Citigym)	100	-
International marketing and promotion of casinos:		
Waterfront Promotion Ltd. (WPL)	100	-
Mayo Bonanza, Inc. (MBI)	100	-
Club Waterfront International Limited (CWIL)	-	100
Pastries manufacturing:		
Waterfront Food Concepts, Inc. (WFC)	100	
Hotel management and operation:		
Waterfront Management Corprotion (WMC)	100	-

Hotels

Waterfront Cebu City Casino Hotel Inc. (WCCCHI) was incorporated on September 23, 1994. It started commercial operations in January 1998.

This hotel is conveniently located in the center of Cebu and is within easy reach from the financial district, shopping malls, golf courses and Mactan's renowned beach resorts.

Waterfront Cebu City Hotel & Casino has 561 elegantly designed and well-appointed guest rooms and suites. The 18th Floor is the Waterfront Ambassador Club with a two floor Club Lounge exclusive for Ambassador Floor guests. Waterfront Ambassador Club guests enjoy butler service, complimentary business services and a business boardroom fit for a group of up to 8 people, equipped with a built-in LCD projector, a roll-up screen, PA and recording system, a local area network (LAN) and a poly communication system. The 2nd floor lounge is outfitted with 3 computer stations, where guests can avail of complimentary WIFI access, flat-screen television entertainment, an array of lifestyle and business magazines as well as newspapers and board games. The hotel offers a 10,000-square meter convention center, which is the largest convention center in the Visayas and Mindanao, and is designed to adapt to multiple types of events. The convention center is equipped with 10 function rooms, 2 executive board rooms, and 2 Grand Ballrooms, each seating 4,000 people. It has played host to a myriad of national as well as regional events, conventions and conferences.

Waterfront Cebu operates 10 F&B outlets, including a hotel coffees hop, a Japanese restaurant, an Italian restaurant and a poolside snack bar. The hotel has a fully functional business center paired with flat-screen computers, internet access and private boardrooms.

The cost of the renovation is around Php120 million. Designed by no less than Steven J. Leach, Jr. + Associates [Consultants] Incorporated (SL+A Manila), which is a part of the world-renowned Steven Leach Group, the inspiration for the lobby's new look is based on two main objectives; first, to transform the existing single dimension grand lobby into a multi-dimensional lifestyle-concept space that will enhance the guests' experience when dining and lounging in the lobby; and second, to improve traffic patterns, through the construction of larger check-in areas and through maximizing the Lobby's three entrances.

Waterfront Cebu City Hotel and Casino's massive, high-ceilinged lobby has always been its principal attraction in fact it is touted as the largest hotel lobby in Visayas-Mindanao area. Spanning 22 meters wide, 96 meters in long and 35 meters high and crisscrossed by hundreds of people each day, the hotel's grand lobby sets the whizzing pulse for the hotel and dictates its overall ambiance.

Apart from improvements to the general structure of the lobby, the Lobby Lounge itself will offer an all-new dining and lounging experience, with newly-installed glass panels, semi-closing each side of the lounge. Fully-equipped bar areas have also been installed in the middle of each of the lounge's two sections, ensuring diners of more efficient and prompt service. To enhance the overall guest experience, the hotel has put together additional features such as nightly entertainment from the city's top performers, and soulful afternoon music by soloists.

Among the hotel's newest pride comes in the form of delectable treats, introducing Lobby Lounge's new service concepts.

Afternoon.Tea
Guests can now relive the splendor and grace of the old English days with the Lobby Lounge's Afternoon Tea offering. It is a tea and dessert concept created to give guests a whole new tea experience by giving emphasis on unique ways to enjoy a cup of tea. Guests can expect an array of snack choices to complement their tea selection. The Afternoon Tea comes with a choice of Traditional Afternoon Tea with a Local Twist or Chocolate Temptations. For each selection, guests may opt for tea, coffee or hot chocolate. Each selection also comes with a variety of snack options to go along with their choice of beverage.

Wine.Dispenser
Guests can now take a sip of Lobby Lounge's extensive selection of wine. The wine dispenser is an innovative addition to the wining and dining experience at the hotel. It serves the purpose of allowing guests to select among an array of bottles, through tasting by the glass. This concept intends to give guests an opportunity to sample different wines in small amounts before deciding to order a full glass or bottle. Guests may test wines from the dispenser in three different amounts. This way, guests can choose the perfect wine fit for their palate. To enjoy the wine dispenser service, guests must avail of the Wine Card which comes in prepaid or postpaid.

Hot Chocolate
Delight your senses with our variety of sweets! Lobby Lounge serves hot chocolate using only the finest local chocolate and hot milk. Choose from a selection of Orange, Vanilla, Plain or Spiced Chocolate.

Waterfront's patrons can definitely expect even more grandeur with the addition of other facilities. To complement the Hotel's main lobby, a group check-in counter is constructed, dedicated solely to corporate and travel groups; a larger Duty Free shopping is also provided; and an additional Casino Filipino gaming space of 2,350 square meters is launched together with it. This will not only enhance the current lobby, but will also increase operational efficiency and add more exciting features for the hotel's customers.

Waterfront Mactan Casino Hotel, Inc. (WMCHI) was incorporated on September 23, 1994. Located right across the Mactan Cebu International Airport, it features 164 rooms and suites, 4 food-and-beverage outlets and a Casino Filipino facility. It has the advantage of proximity to the Mactan International Airport. It has the largest number of rooms among airport hotels. WMCHI has made Cebu the only city in Southeast Asia that offers casino facilities to transients while waiting for their flights.

It is just a 3-minute drive to the industrial zone of Cebu, and a 15-minute drive to the beaches of Mactan Island. This hotel is just a short 30-minute drive from Cebu City's shopping and financial districts. The hotel has 164 well-appointed guest rooms and suites. The hotel has an Ambassador Club floor which consists of 14 Ambassador Rooms and 6 Ambassador Suites. The suites are designed with the business travelers in mind and are equipped with a work desk, dual telephone lines for broadband internet access. The business center is equipped with secretarial services and board rooms that cater to business meetings. Its computer area is outfitted with flat screen computers subdivided with modular partitions.

The hotel operates 4 F&B outlets including Uno, the Lobby Lounge, and Café Fortuna. The hotel's convention center consists of three function rooms and a boardroom. Both are equipped with audio-visual equipment. Function rooms can accommodate groups of up to 200 in banquet style. For guests who wish to hold events outdoors, the Veranda is a spacious open area that can accommodate as much as 250 people.

DIHCI was incorporated on July 3, 1959 and is currently operating under its trade name "Waterfront Insular Hotel Davao".

Waterfront Insular Hotel is a resort hotel overlooking the Davao Gulf. It is 20 minutes away from downtown Davao City. The hotel holds a superior position over other hotels in the city in terms of space and location.

With a greater area than any other hotel facility in the city, it is unmatched in servicing large business meetings, conventions, and exhibit groups. The hotel consists of four low-rise buildings of 158 guest rooms and suites. Every room opens to a lanai overlooking a lush garden, the blue waters of the Davao Gulf or a scenic coconut grove. The hotel has 5 restaurants. The hotel's function rooms suit different event requirements: 1 Grand Ballroom that can accommodate up to 400 persons, 3 boardrooms that can accommodate 30 persons each, and the Kalaw function room that can accommodate groups of up to 150 persons. The pavilion in the hotel's garden is also popular for bigger celebrations.

The hotel is every guest's gateway to the diverse, colorful and rich cultural heritage of Davao City. Discover the rich cultural heritage of Davao which stems from the different groups and tribes that populated the area throughout its history and be astonished of artworks in the hotel lobby where it showcases pieces of artifacts featuring the various object d'art from the different tribes and historical periods. These range from tribal handicrafts, instruments, pottery, jars and vases. Most of the sculptures and carvings dated from the ancient times.

Acesite (Phils.) Hotel Corporation (APHC) was incorporated on October 10, 1952 and commenced commercial operations in March 1968. It is currently operating under its trade name Manila Pavilion

Hotel. Situated in the heart of Manila, this property is opposite the Rizal National Park and is close to the historic walled city of Intramuros. It was acquired by WPI in June 24, 2004. This property is a few minutes away from the Philippine International Convention Center, World Trade Center and the Cultural Center of the Philippines. The Ninoy Aquino International Airport is 11 kilometers away while the Makati Central Business District is only 6 kilometers away.

The hotel has 534 rooms and suites. All rooms have individually controlled central air conditioning, private bathroom with bath tub and shower, multi-channel radio, color TV with cable channels and internet connections.

The hotel has 5 food and beverage outlets that serve an international selection of culinary cuisines from European, to Chinese, Malaysian, and Cantonese. The hotel also has a music lounge and a lobby café that serves light meals and has an extensive pastry and deli counter.

Other guest services and facilities include a chapel, swimming pool, gym, business center, and a valet-service basement car park. Concessionaires and tenants include a spa, photography services, transportation services, travel agency and flower shop.

In addition, Casino Filipino –Pavilion, owned and operated by PAGCOR, occupies parts of the first five floors of the building. PAGCOR covers approximately 13,000 square meters of gaming and administrative area within the hotel structure. Casino Filipino – Pavilion is the highest earning location of PAGCOR in the country and accounts for a large percentage of PAGCOR's total gaming revenue.

It recently completed the second phase of its renovation covering 223 upper floor rooms and suites. Aside from its two-category Deluxe Rooms, Executive Rooms and Premier Suites, the hotel introduced a new set of Ambassador Club rooms and two new Presidential Suites to enhance the hotel's position in the corporate market. The redevelopment will continue for 250 Superior Rooms and Suites at the lower floors, as well as for the upgrade of function rooms and food and beverage facilities. The room themes were developed to maximize guest satisfaction to generate repeat bookings and keep room maintenance costs to minimum levels.

A landmark in Manila, the Manila Pavilion is situated close to a mix of historic sites, major ports and various entertainment hubs. It also houses the Casino Filipino Pavilion on the first three floors of the hotel.

GIRDI was incorporated on December 18, 1990 to engage in the hotel and resort business.

In November 2000, all of the property and equipment of GIRDI, including the hotel facilities and other operating assets, as well as its investment in marketable securities, were transferred to a third party. With this transfer, GIRDI ceased its involvement in the hotel and resort business. Management is currently looking for new business opportunities for GIRDI and intends to continue operating GIRDI as a going concern entity.

Mayo Bonanza, Inc. (MBI), a wholly-owned subsidiary of Waterfront Philippines, Incorporated (WPI) was registered with the Securities and Exchange Commission on November 24, 1995. Its primary purpose is to establish, operate, and manage the business of amusement entertainment, and recreation facilities for the use of the paying public.
MBI has been appointed by Atlantic Dynamo of the British Virgin Islands as its agent in the Philippines. Atlantic Dynamo has a contract with PAGCOR under which it will lease space and slot machines to PAGCOR for the operation of VIP slot machine arcades. MBI shall provide space and machines to PAGCOR, while PAGCOR operates the slot machine arcade.

WPI's entry into the VIP slot machine arcade market space is in line with PAGCOR's growth strategy. The first such VIP slot machine arcade was opened by MBI in Sta. Cruz, Manila. The 1,200 square meter area is located at the Universal Mall along Rizal Avenue.

The slot machines are supplied by Elixir Gaming Technologies, which is part of the Melco Group of Hong Kong. This partnership is both strategic and operational in nature. It is strategic because they are a big operator in Macau. Operationally, WPI is at an advantage because the Melco Group creates its own slot machines and does their own game programming.

WPL, CWIL On March 23, 1995, WPL became a wholly-owned subsidiary following its acquisition by the Company from Waterfront Amusement and Gaming Limited. WPL and its wholly-owned subsidiary, CWIL were primarily established for the international marketing and promotion of hotels and casinos. In 2003, these companies have been temporarily laid inoperative in response to a general slow down in the economy. Management, however, commits to resume operations when better business opportunities present themselves in the future.

Waterfront Wellness Group, Inc. (formerly W Citigyms and Wellness Corp.) was incorporated and registered with the Securities and Exchange Commission on January 26, 2006, to engage in, conduct and carry on the general business of sporting and other recreational activities. The facilities of W Citigym include a fitness gym with the top-of-the line equipments and amenities. The Company also offers in-house massage for guests staying in Waterfront Cebu City Casino Hotel, Inc.

Waterfront Food Concepts was incorporated and registered with the Securities and Exchange Commission on January 26, 2004, to engage in the operation of restaurants and food outlets, manufacture, baked and unbaked desserts, breads and pastries supplies to in-store bakeries, coffee shops and food service channels. WFC supplies the pastries and desserts offered by WCCHI and WMCHI food outlets, as well as its local customers.

Waterfront Hotel Management Corp. was registered with the Securities and Exchange Commission on March 31, 2003 to engage in the management and operation of hotels, except management of funds, portfolios, securities, and other similar assets of the managed entity. In November 2006, WHMC started its commercial operations by managing the hotel operations of G-hotel Manila by Waterfront.

The G-Hotel Manila is a boutique hotel located at the heart of Manila fronting Roxas Boulevard. It is easily accessible from major thoroughfares. The hotel is approximately a twenty-minute drive from the Ninoy Aquino International Airport and is minutes away from the Makati Central Business District. With its residential chic appeal, G-Hotel Manila provides a comfortable backdrop for both business and pleasure in the metropolis. Combining both world-class services with posh modern minimalism, G-Hotel Manila serves a unique balance of substance and style in a trendy boutique hotel.

The hotel has 50 rooms consisting of 10 suites rooms and 40 deluxe rooms, which offer 24-hour personalized butler service. The hotel operates two outlets namely, the Café Noir which is the hotel's coffee shop which offers Asian fusion menu and the Mirage, the hotel's pool bar. Its function room, the Promenade, can cater to 250 people banquet style offering a marvelous view of the Manila Bay.

The hotel's business center is equipped with flat screen computers, fax machines, telecommunications facilities and travel booking assistance.

WEC, was registered with the Securities and Exchange Commission on August 13, 2003 and successfully established the country's first ever integrated hotel reservations and booking system featuring a full-service, round-the-clock, 7 days a week Central Reservation Office last October 2009. This service ranges from systems and solutions specializing in the operations hotel framework. It offers specialize hotel consultancy services to hotel owners, operators, brands, developers, lenders and investors with the support of hand-picked networks of experts covering all elements of the hotel or hospitality business within a global perspective.

Principles of Consolidation
The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity if and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company and are included in the consolidated financial statements from the date when control commences until the date when control ceases.

The accounting policies of subsidiaries are being aligned with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Segment Reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker (CODM) of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

The Group's businesses are operated and organized according to the nature of business provided, with each segment representing a strategic business unit, namely, the Hotel operations, Marketing operations and Corporate and Other Operations segments.

The Group's only reportable geographical segment is the Philippines

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income is measured at the fair value of the consideration received, net of trade discounts, rebates, and other sales taxes or duties. The following specific criteria must also be met before income is recognized.

Rooms
Room revenue is recognized based on actual occupancy.

Food and Beverages
Food and beverage revenue is recognized when orders are served.

Rent and Related Income
Rent and related income on leased areas of the Group's properties is accounted for on a straight-line basis over the term of the lease, except for cancellable leases which are recognized at amount collected or collectible based on the contract provision.

Other Operating Departments and Other Revenues
Revenue from other operating departments and other revenues are recognized upon execution of service or as contracted.

Interest Income
Interest income is recognized as it accrues using the effective interest method.

Other Income
Other income is recognized when earned.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense is recognized in profit or loss in the period in which they are incurred using the effective interest method.

Earnings (Loss) Per Share
Earnings (loss) per share ("EPS") is determined by dividing net income or loss for the year by the weighted average number of common shares subscribed and issued during the year, after retroactive adjustment for any stock dividend declared during the year. Diluted EPS is computed in the same manner as the aforementioned, except that all outstanding convertible preferred shares were further assumed to have been converted to common stock at the beginning of the period or at the time of issuance during the year.

1. Cash and Cash Equivalents
Included in cash and cash equivalents as of June 30, 2014 are composed mainly of cash deposited in various banks and short-term placements that earn an annual interest of 2% with an average maturity date of 30 days.

2. Receivables
This account consists:

	June 2014	**June 2013**
Trade Others	156,051,132 431,364,193	147,067,682 340,315,320
	587,415,325	**487,383,002**
Less allowance for doubtful accounts	-21,543,628	-20,312,407
Total	**565,871,697**	**467,070.595**

3. Inventories
This account consists of:

	June 2014	**June 2013**
Food and Beverage Operating Supplies Others	12,682,305 10,836,470 1,426,541	14,772,497 12,910,711 2,033,729
Total	**24,945,316**	**29,716,937**

4. Related Party Transactions

These are interest bearing advances to MAHEC, TWGI, PRC and FORUM subject for re-pricing and yearly renewal.

5. Accounts Payable and Accrued Expenses

This account consists of:

	June 2014	June 2013
Trade	224,160,148	238,276,452
Accrued Expenses	341,366,814	382,046,545
Others	483,944,928	728,740,890
Total	**1,049,471,890**	**1,349,063,887**

6. Loans Payable

This account consists of:

SSS Loan

On October 28, 1999, the Parent Company also obtained a five-year term loan from SSS amounting to P375 million originally due on October 29, 2004.

The SSS loan was availed of to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII, a related party, and by the assignment of 200 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties of an independent custodian mutually agreed upon by both parties.

Presently, the Parent Company and SSS are locked in negotiations for the restructuring of the loan. However, with the change in management of SSS, The Parent Company plans to activate the proposed restructuring of the said loan which includes the condonation of interest and penalties. The Parent believes that it will be able to restructure the said loan.

ICBC Loan

This represents the balance of the US$15 million loan obtained from ICBC under the terms and conditions of a Facility Agreement issued on March 27, 1995 which was amended on September 17, 1997 (collectively, the "Existing Facility Agreement"). The loan underwent several restructurings. The latest restructuring was approved by ICBC on November 12, 2013 after the Group made partial payment of US$700,000.

PBB

On June 10, 2011, WCCCHI entered into a term loan agreement with PBB amounting to P300 million for the purpose of taking out the remaining balance of the loan with COSCO Holdings, Inc. The loan matures in two (3) years, inclusive of a one-year grace period on principal payments. The loan bears interest at 12% per annum and is secured by a Mutual Trust Indenture (MTI) covering the Hotel at a minimum of 200% cover, an assignment of PAGCOR rentals and assignment of leasehold rights. Subsequently, all the proceeds of the loan were advanced to WPI for the payment of the COSCO loan

In 2012, WCCCHI entered into another term loan agreement with PBB amounting to P250 million. The loan matures in three years and shall bear an interest rate of 10% per annum to be reprised every month payable in arrears. WCCCHI, however, is allowed to fully or partially pre-terminate the loan. The loan is secured by the assignment of rental payments from PAGCOR on the leases of hotels, plus real estate mortgage on the hotel building and other improvements.

On January 9, 2013, WMCHI entered into another term loan agreement with PBB amounting to P300 million. The loan had been released in four (4) installments starting on January 9, 2013 for P80 million, on February 4, 2013 for P120 million, on March 11, 2013 for P50 million and on April 4, 2013 for P50 million with a stated interest rate fixed at 10% per annum from the date the loan was released to be reprised every month and payable in arrears. The loan will mature in two (2) years and is not secured by any assets or properties. The proceeds of the loan shall be used exclusively for the Phase II renovation costs of APHC. The loan proceeds were subsequently advanced to WPI who ultimately advance the same to APHC.

7. The earnings (loss) per share is computed as follows:

	June 2014	June 2013
Net Income (Loss)	58,662,362	29,705,842
Weighted Average Number of Shares Outstanding	2,498,991,753	2,498,991,753
Earnings (Loss) per share	**0.023**	**0.012**

There are no dilutive potential shares as of June 30, 2014 and 2013.

8. Lease Agreement with Philippine Amusement and Gaming Corporation ("PAGCOR')

On December 1, 2010, PAGCOR and APHC amended the lease contract, otherwise known as the Omnibus Amended Lease Contract (OALC) extending the lease term and expanding the lease area. The OALC shall cover the Main Area (7,093.05 sq. m.), Expansion Area A (2,130.36 sq. m.), Expansion Area B (3,069.92 sq. m.) and Air Handling Unit (AHU) Area (402.84 sq. m.) for a total lease area of 12,696.17 square meters. The lease agreement is until December 16, 2016.

The monthly rent to be applied on the leased areas are as follows: Main Area shall be P2, 621.78 per square meter, Expansion Area A shall be P1,248.47 per square meter, Expansion Area B shall be P1,600 per square meter and the AHU Area shall be free of rent. Annual escalation rate of 5% shall be applied on the third and fourth year of the lease. The Amended Lease Contract is until December 30, 2016, and may be renewed, in accordance with the law, at the option of the Lessee under such terms and conditions as may be agreed upon by the parties.

On March 21, 2011, WCCCHI and WMCHI renewed their respective Lease Contracts with PAGCOR, in order to consolidate, simplify, reconcile and update the terms and conditions of the contract of lease and its amendments. The Lease Contract shall cover a total area of 13,677.08 sq. m., for WCCCHI, particularly described as follows: Main Area 8,123 sq. m., Slot Machine Expansion Area 883.38 sq. m., Mezzanine 2,335 sq. m., 5th Floor Junket Area 2,336 sq. m. The monthly rent for each area is P1, 772.96 per sq. m., and for the 5th Floor Junket Area the rent is free for a period of one (1) year from the execution of the Lease Contract. In the event that the lease over the 5th Floor Junket Area is continued by the Lessee, the parties shall agree on the monthly rent and the duration of the lease for the said area.

For WMCHI the Lease Contract shall cover a total area of 5,152.24 sq. m consisting of Main Casino Area of 4,076.24 sq. m., and a Chip Washing Area of 1,076 sq. m. The monthly rent for the Main Casino Area is P 1,772.96 per sq. m. and for the Chip Washing Area is P1, 688.53 per sq. m.

The monthly rent for the Leased Premises is Value Added Tax (Vat) exclusive, zero-rated transactions. Starting on January 3, 2013 and every year thereafter, the monthly rent for the Main Area, Slot Machine Expansion Area, Mezzanine, Main Casino Area and the Chip Washing Area for both WCCCHI and WMCHI, shall be adjusted by five (5%) on year after the lease thereon is continued by the Lessee and every year thereafter. The Lease Contracts for both WCCCHI and WMCHI is until August 2, 2016, and may be renewed, in accordance with the law, at the option of the Lessee under such terms and conditions as may be agreed upon by the parties.

9. Other Lease Agreements

Land under Operating Lease

On September 15, 1994, Waterfront Hotel and Resort Sdn. Bhd. (WHR), a former related party, executed a lease contract with Mactan Cebu International Airport Authority (MCIAA) for the lease of certain parcels of land where the hotels were constructed. On October 14, 1994, WHR assigned its rights and obligations on the MCIAA contracts to WCCCHI and WMCHI.

WCCCHI and WMCHI shall pay MCIAA fixed rentals per month plus a 2% variable rent based on the annual gross revenues of WCCCHI and WMCHI, as defined in the agreements. The leases are for a period of 50 years, subject to automatic renewal for another 25 years, depending on the provisions of the applicable Philippine laws at the time of renewal.

Land under Finance Lease

In the period prior to October 2011, APHC and CIMAR entered into a finance lease agreement. Accordingly, APHC recognized the lease asset, "Land under finance lease," and lease liability, "Obligations under finance lease."

Series of disputes ensued between ALB (former parent company of CIMAR) whereby CIMAR filed an ejectment case and demanded possession of land plus interest.

As disclosed in Note 11, APHC executed a MOA with CIMAR to amicably settle all pending cases and controversies between the two parties. As part of the amicable settlement with ALB and CIMAR, the existing accrued interest on the lease liability of APHC to CIMAR prior to acquisition date formed part of (netted from) the total net consideration when the APHC acquired CIMAR (see Note 11). Moreover, the land and the corresponding lease liability were derecognized in 2011 as the consequence of the acquisition of CIMAR and the cancellation of the finance lease liability. This resulted to the reduction of the "Revaluation surplus in property and equipment" and of the "Non-controlling interest."

In July 2011, the RTC of Manila issued an order granting the joint motion to dismiss the ejectment case filed by APHC and CIMAR.

Equipment under Finance Lease

DIHCI leased certain equipment for a monthly fee of P125, 000 starting November 2005 for 10 years from Edward Marcs Philippines, Inc. (EMPI). At the end of the 10-year lease period, EMPI shall transfer to DIHCI, free from any lien or encumbrance created by EMPI and without any payment of any compensation, all its rights, title and interest in and to the equipment.

On August 22, 2006, WCCCHI executed a lease-to-own contract with Philippine Long Distance Telephone Company (PLDT) for a PABX Nortel Option 81C for its telecommunications requirements with initial configuration of 50 trunks with 1022 local lines. WCCCHI made a down payment of P1.4 million in January 2007 upon acceptance of the PABX equipment and shall pay the remaining balance in a fixed minimum monthly lease payments of P370,000 for a period of 80 months. Upon full payment of the pre-termination penalty and all amounts due owing to PLDT under the executed contract, PLDT shall transfer ownership over the PABX Equipment and issue the documents necessary for ownership transfer to WCCCHI at the end of the term of lease agreement.

10. Commitments and Contingencies

On November 10, 2008, the Parent Company received a preliminary assessment notice from the BIR for deficiency taxes for the taxable year 2006. On February 9, 2009, the Parent Company sent a protest letter to BIR contesting the said assessment.

On February 18, 2009, the Regional Office of the BIR sent a letter to the Parent Company informing the latter that the docket was returned to Revenue District Office for reinvestigation and further verification. On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.3 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals (CTA) on the grounds of lack of legal and factual bases in the issuance of the assessments.

In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax (EWT) assessment and cancelled the VAT and compromise penalty assessments. WPI decided not to contest the EWT assessment. The BIR filed its motion for reconsideration (MR) on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013 docketed as CTA EB No. 1070 where it is awaiting decision by the CTA.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Below are the results of operations of the Parent Company and its subsidiaries, for the period ending June 30, 2014 and 2013 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

	Jan-June 2014	**Jan-June 2014**
Revenues	**948,963,592**	**952,057,384**
Less: Costs and Expenses	646,674,820	667,284,369
Net Income (Loss) Before Fixed Financial and Other Charges	**302,288,772**	**284,773,015**
Less: Fixed Financial and Other Charges (Dep'n and Amort'n, and Interest)	230,834,903	258,468,390
Income (Loss) before Income Tax	**71,453,869**	**26,304,625**
Income Tax Expense (Benefit)	-	-
Income (Loss) before Share in Minority Interest	**71,453,869**	**26,304,625**
Share of Minority Interest	**-12,791,507**	**-3,401,217**
Net Income (Loss)	**58,662,362**	**29,705,842**
Earnings (loss) Per share	**0.023**	**0.012**

FINANCIAL CONDITION

	June 2014	**June 2013**
Assets		
Current assets	2,326,526,575	2,545,314,408
Non-current Assets	6,563,505,869	6,499,880,458
Total Assets	**8,890,032,444**	**9,045,194,866**
Liabilities and Stockholders' Equity		
Current Liabilities	1,615,193,168	2,335,624,524
Non-current Liabilities	2,606,038,693	2,278,373,657
Total Stockholders' Equity	3,931,039,850	3,748,521,128
Minority Interest	737,760,733	682,675,557
Total Liabilities and Stockholders' Equity	**8,890,032,444**	**9,045,194,866**

RESULTS OF OPERATIONS

Period ended June 30, 2014 compared to Period Ended June 30, 2013.

Income Statement

Hotel and other subsidiaries gross revenues for the 2nd quarter is Php949 million compared on the 2nd quarter of last year of Php952 million; a slight decrease of 0.32%. The reason of the decrease in revenue is due to the rapid rising of city hotels.

Seasonality or Cyclicality of Interim Operations

1ST QUARTER

The occupancy for the two (2) hotels, WCCCHI and WMCHI, are high during the months of January and February because of the celebration of the Feast of Sto. Niño better, renowned as the "Sinulog" as well as the celebration of the Chinese New Year. Many visitors come to Cebu during this time just to witness and participate in the festivities. Sinulog is one of the city's main pull for tourists as well as other locals. The celebration of the Chinese New Year also added to the Company's revenues. As we all know, the country's full of Chinese nationalities and businessmen that celebrating their new year would really be an advantage to the hotels in terms of revenues. The month of March tends to be a slow one for all the hotels. The occupancy percentage depends on the bookings of rooms and functions scheduled by convention organizers, government agencies and tour-group bookings.

Despite the vindictive economic condition of the country especially in hotel industry, the company still survives to continue to serve and give world class facilities, diverse and absolute entertainment system that brings attraction to the Province of Cebu which attracts local, regional and international visitors, to a highly competitive market

Steering through these unfavorable circumstances is a challenge, yet our organization continues to thrive; determined to look beyond the negative and to accentuate the constructive.

2nd QUARTER

We are approaching the current business climate with cautious optimism. Tourism numbers are up, but it is too soon to tell whether this new positive growth is sustainable. For our particular industry, it has yet to reflect encouraging developments. We enhance our revenue by improving our different distribution networks, online and offline. In the coming years, we will maintain our lead and harness our online potential by revamping our webpage, adding more capabilities to it and by enhancing our online web sweep. We are planning to innovate by introducing new online products, and ways to reach our customer through the web. We believe that as the world gets more connected we can harness the potential of technologically enhanced service systems. Our online and offline systems must become more integrated and efficient so we are able to properly interact with our market and become more profitable through innovation and efficiency.

In addition, keeping operations on point by monitoring cost-efficiency has always been our priority.

All of the abovementioned measures build the relevance of the Waterfront name, thereby unlocking value for your shares.

TOP FIVE (5) PERFORMANCE INDICATORS

	Jan-June 2014	**Jan-June 2013**
Occupancy Percentage	53%	56%
Average Room Rates	2,577	2,365

Food Covers	114,065	119,170
Average Food Checks	394	349
Average Food Costs	38%	36%

Occupancy Percentage
The occupancy percentage grew down by 3% as compared to 2nd quarter last year. Occupancy percentage is computed by dividing the total number of rooms sold over the total number of rooms available for sale.

Average Room Rate
Average room rate is 9% higher compared to 2nd quarter last year; this mainly due to room promotions offered by WCCCHI and WMCHI to compete with the newly open hotels in Cebu that offered promo rates. Average room rate is computed by dividing the net rooms revenue over the total number of rooms sold.

Food Covers
Food covers this quarter decreased by 4% compared to the 2nd quarter last year. This is mainly because there were fewer functions and conventions this time. Food covers pertains to the number of guests that availed of the restaurants services.

Average Food Check
The average food check or average consumption per guest this quarter grew up by 13% compared to 2nd quarter last year. Average Food Check is derived by dividing the total food and beverage revenue by total food covers.

Average Food Cost
The average food cost increased by 2% from previous year of the same quarter. Average Food Cost is computed by dividing the total food and beverage revenue by total food cost.

Revenues and Earnings per Share
Revenues slightly decreased by 0.32% for the second quarter of 2014 as compared to previous year of the same quarter while operating expenses decreased by 3%. The whole operation resulted to a net income of P59 million, which is 98% higher compared to last year same quarter.

Earnings per share this quarter is P0.023 while same quarter last year was also P0.012.

Fixed Financial and Other Charges
Total fixed financial and other charges for this quarter is 11% lower compared to same quarter last year. This account includes the depreciation and interest expenses from the loans from the banks.

Interest Expense this quarter is lower by 28% as compared to the 2nd quarter last year.

FINANCIAL CONDITION

Cash and Cash Equivalents
Cash and cash equivalents as of the 2nd quarter of this year is Php183 million compared to last year of the same quarter, Php92 million; an increased of 100%.

Receivables
Receivables for the period increased by 21% from P467 million 2nd quarter last year to P566 million 2nd quarter this year. The increase was attributable to the higher sales volume but on account basis. The company continues to monitor the credit sales and strictly followed the 30 days credit term.

Inventories
Inventory for this quarter is P25million this year while last year was P30 million. Best effort was exerted to maintain the inventories on a very reasonable level. The company was nimble enough to react quickly to changes in customer demand and do it with little inventory to prevent a long lead

times in-order to minimize cost.

Due from related parties-current portion
This account has decreased by 24% from last year's second quarter. This also represents interest bearing advances with MAHEC, TWGI, PRC and FHI at a rate of two percent (2%) per annum. Advances to TWGI, PRC MAHEC and FHI are subject for annual re-pricing and renewal.

Property, Plant and Equipment
There is an increased of 9% on this account. This is mainly due to room renovations.

Other Non-current assets
This is composed of rent receivables, refundable deposits and others.
Special project deposits pertain to deposits granted to contractors in connection with the renovation work at of WCCCHI and APHC. Others represent input VAT, advances to officers and employees, and deposits to service providers such as security and janitorial services.

Accounts Payable and Accrued Expenses
This account has decreased by 22%. This is attributable to monitoring cost-efficiency.

Loans Payable – current and non-current
There is a decreased of 24% or Php351 million on this account. This comprises loans from Phil. Business Bank, Social Security System and Industrial Commercial Bank of China. Series of payments were made to fulfill its obligation to settle the account.

Other Non-current Liabilities
There is an increase of 14% of this account from 680 million to 779 million in 2014. The account compiles rent received in advance from PAGCOR and retirement benefits.

Deferred Tax Assets and Deferred Tax Liabilities
Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax is not recognized for:
***temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
***temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
taxable
***temporary differences arising on the initial recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset (DTA) is recognized only to the extent that it is probable that future taxable profits will be available against which the DTA can be utilized. DTA is reduced to the extent that it is no longer probable that the related tax benefit will be realized. The items comprising the DTA are reviewed at each reporting date and adjustments are made, if appropriate.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or either tax assets and liabilities will be realized simultaneously.

Key Variable and Other Qualitative and Quantitative Factors:

a. Any known Trends, Events or Uncertainties-(material impact on liquidity)-NONE

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

c. There are no 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.

d. The Group is not subject to externally-imposed capital requirements.

e. From continuing operations, the Company is not exposed to any significant elements of income or loss except for those already affecting profit or loss.

f. There are no significant elements of income or loss or any events that did not arise from the issuer's continuing operations other than those already affecting profit or loss.

g. The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have material effect in the current interim period. – NONE

f. There were no dividends paid aggregate or per share separately for ordinary shares and other shares.

The interim financial statements as of June 30, 2014 shall contain the following disclosure:

i. Separate Financial Statements
PAS 27 (2011) supersedes PAS 27 (2008). PAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

Investment Entities (Amendments to PFRS 10, PFRS 12, and PAS 27 (2011)). These amendments provide consolidation exception for investment funds and require qualifying investment entities to recognize their investments in controlled entities, as well as investments in associates and joint ventures, in a single line item in the statement of financial position, measured at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. However, the parent of an investment entity (that is not itself an investment entity) is still required to consolidate all subsidiaries. This consolidation exception is mandatory.

ii. Investments In Associate and Joint Ventures – Not Applicable

iii. Government Loans – Not Applicable

iv. Disclosure –Offsetting Financial Asssts and Financial Liablities – Applicable
Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7).
These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are:

***offset in the statement of financial position; or
***subject to enforceable master netting arrangements or similar agreements

They include a tabular reconciliation of gross and net amounts of financial assets
and financial liabilities, separately showing amounts offset and not offset in the statement of financial position.

v. Consolidated Financial Statements
The amendments simplify the process of adopting PFRSs 10 and 11, and provide relief from the disclosures in respect of unconsolidated structured entities. Depending on the extent of comparative information provided in the financial statements, the amendments simplify the transition and provide additional relief from the disclosures that could have been onerous. The amendments limit the restatement of comparatives to the immediately preceding period; this applies to the full suite of standards. Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged. In addition, the date of initial application is now defined in PFRS 10 as the beginning of the annual reporting period in which the standard is applied for the

first time. At this date, an entity tests whether there is a change in the consolidation conclusion for its invitees. These amendments are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted**.**

Financial Risk Management

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, due from related parties, AFS investments, accounts payable and accrued expenses, other current liabilities, due to related parties, loans payable, and other noncurrent liabilities. The main purpose of these financial instruments is to raise finances for the Group's operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and nontrade receivables. The Group trades only with recognized, creditworthy third parties. It is the Group'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 Group's exposure to bad debts is not significant. With respect to credit risk from other financial assets of the Group, which mainly comprise of due from related parties, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained thru related party advances and from bank loans, when necessary. Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there is sufficient working capital inflows to match repayments of short-term debt.

Market risk
The risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

Interest Rate Risk
Cash flow interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to the risk changes in market interest rates relates primarily to the interest-bearing loans from PNB, SSS, PAGCOR and ICBC. Cash flow interest rate risk exposure is managed within parameters approved by management. If the exposure exceeds the parameters, the Group enters into hedging transactions.

Cash flow interest rate risk
The following table illustrates the sensitivity of net income and equity for 2013, and 2012 to a reasonably possible change in interest rates based on the historical volatility of SIBOR rates in the

immediately preceding 12-month period. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's loan payable as at the reporting date.

Fair value interest rate risk
There is no other impact on the Group's equity other than those already affecting profit or loss in 2014 and 2013.

Foreign Currency Risk
Currency risk arises when transactions are denominated in foreign currencies. As a result of loan payable from ICBC which is denominated in US dollar, the Group's consolidated statements of financial position can be affected by movements in this currency. Aside from this and certain cash, the Group does not have any material transactional foreign exchange risks as its revenue and costs are substantially denominated in Philippines peso.

The Group monitors and assesses cash flows from anticipated transactions and financing agreements denominated in foreign currencies. The Group manages its foreign currency risk by measuring the mismatch of the foreign currency sensitivity gap of assets and liabilities.

There is no other impact on the Group's equity other than those already affecting profit or loss.

Price Risk
The Group is exposed to equity securities price risk because of the investment in shares of stock of WII held by the Group which are classified as AFS investments in the consolidated statements of financial position. These securities are listed in the PSE.

The Group is not exposed to commodity price risk.

Fair Value of Financial Assets and Liabilities
The carrying amounts of cash and cash equivalents, receivables, due from related parties - current portion, accounts payable and accrued expenses, loans payable - current and other current liabilities approximate their fair values as these have short-term maturities and are considered due and demandable.

The fair value of interest-bearing due from related parties - noncurrent and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.

Risk Management Structure
Board of Directors
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee
Risk management committee is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits set by the BOD.

Capital Management
The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2014, 2013 and 2012.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2014, 2013, and 2012. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statements of changes in equity.

The Group is not subject to externally-imposed capital requirements.

ADDITIONAL REQUIREMENT (SRC Rule 68)

A schedule showing financial soundness indicators in two comparative periods:

CURRENT / LIQUIDITY RATIO

Current Ratio	Jun-14	Jun-13
Current Assets	2,326,526,575.00	2,545,314,408.00
Current Liabilities	1,615,193,168.00	2,335,624,524.00
Ratio	1.440	1.090

Quick Ratio	Jun-14	Jun-13
Cash + Accounts Receivable + Short Term Marketable Securities	749,631,558.00	558,847,408.00
Current Liabilities	1,615,193,168.00	2,335,624,524.00
Ratio	0.464	0.239

Cash Ratio	Jun-14	Jun-13
Cash + Short Term or Marketable Securities	183,759,861.00	91,776,813.00
Current Liabilities	1,615,193,168.00	2,335,624,524.00
Ratio	0.114	0.039

SOLVENCY RATIO

Current Liabilities to Equity Ratio	Jun-14	Jun-13
Current Liabilities	1,615,193,168.00	2,335,624,524.00
Total Equity	4,668,800,583.00	4,431,196,685.00
Ratio	0.346	0.527

Total Liabilities to Equity Ratio	Jun-14	Jun-13
Total Liabilities	4,221,231,861.00	4,613,998,181.00
Total Equity	4,668,800,583.00	4,431,196,685.00
Ratio	0.904	1.041

Fixed Assets to Equity Ratio	Jun-14	Jun-13
Fixed Assets	6,403,805,389.00	5,886,416,045.00
Total Equity	4,668,800,583.00	4,431,196,685.00
Ratio	1.372	1.328

Asset to Equity Ratio	Jun-14	Jun-13
Total Assets	8,890,032,444.00	9,045,194,866.00
Total Equity	4,668,800,583.00	4,431,196,685.00
Ratio	1.904	2.041

INTEREST COVERAGE RATIO

Interest Coverage Ratio	Jun-14	Jun-13
Net Income Before Tax + Interest Expense	128,914,006.00	105,761,060.00
Interest Expense	57,460,137.00	79,456,435.00
Ratio	2.244	1.331

PROFITABILITY RATIO

Return on Sales (Profit Margin) Ratio	Jun-14	Jun-13
Net Income After Taxes	71,453,869.00	26,304,625.00
Net Sales	948,963,592.00	952,057,384.00
Ratio	0.075	0.028

Return on Assets (ROA) Ratio	Jun-14	Jun-13
Net Income After Taxes		26,304,625.00
Total Assets	8,890,032,444.00	9,045,194,866.00
Ratio	0.0080	0.003

Return on Equity	Jun-14	Jun-13
Net Income After Taxes	71,453,869.00	26,304,625.00
Total Equity	4,668,800,583.00	4,431,196,685.00
Ratio	0.015	0.006

WATERFRONT PHILIPPINES, INCORPORATED & SUBSIDIARIES
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING
As of June 30, 2014

Trade Receivables	0-30 days	31-60 days	61-90 days	91-120 days	121 days over	TOTAL
Waterfront Cebu City Hotel & Casino	11,684,680.10	6,003,524.21	2,385,364.91	2,839,292.57	4,270,551.98	27,183,413.77
Waterfront Airport Hotel & Casino	8,690,175.87	-	22,400.00	-	23,598.25	8,736,174.12
Waterfront Insular Hotel Davao	9,645,255.49	29,892.89	10,984.45	3,600.00	1,612,186.05	11,301,918.88
Manila Pavilion Hotel	11,338,047.63	8,093,175.00	2,531,077.11	2,175,534.74	11,673,915.92	35,811,750.40
G-Hotel	306,194.50	-	151,410.05	73,600.00	1,294,086.44	1,825,290.99
Total	**41,664,353.59**	**14,126,592.10**	**5,101,236.52**	**5,092,027.31**	**18,874,338.64**	**84,858,548.16**