

COVER SHEET

A S 0 9 4 - 8 6 7 8

SEC 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 .

(Company's Full Name)

N O . 1 W A T E R F R O N T D R I V E

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

Contact Person

(02) 559-0130

Company Telephone Number

1 2

3 1

SEC 201S DEFINITIVE

0 9

2 3

Month Day

FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

452

Total No. of Stockholders

Total Amount of Borrowings

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

August 18, 2017

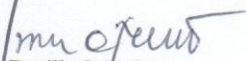
Vicente Graciano P. Felizmenio, Jr.
Director
Markets and Securities Regularization Department
SEC Building, EDSA, Greenhills, Mandaluyong City

Dear Mr. Felizmenio,

Stated herewith are the following revisions:

| Paragraph | Page No. | Amendments / Revisions |
|--|----------|---|
| 1 ITEM 4. Voting Securities and Principal Holders - Disclose equity ownership of foreigners on the total outstanding shares, if any. | 3 | Complied. |
| 2 Please disclose beneficial owner under PCD Nominee Corp. owning more than 5%. | 3 | Already stated. |
| 3 ITEM 5. Directors and Executive Officers - Certification on Qualification and Disqualification of Independent Directors | | Already attached before Management Report. |
| - Disclose the date of amendment of the company's by-Laws incorporating the provisions of SRC Rule 38, as amended If action is with respect to election of directors | | Not applicable |
| 4 Summary Compensation Table | 10 | Already stated. |
| 5 Involvement in Certain Legal Proceedings | 10 | Already stated. |
| 6 Statement of Management Responsibility on the Financial Statements | | Already attached . |
| 7 Additional Components of Financial Statements (a) Legal Matter | | Please see Report of Independent Auditors in Audited FS Consolidated. The said report made not available as part of the Annexes due to deficit. Annex A - Consolidated Audited FS Annex B - Consolidated Audited FS |
| (b) Reconciliation Of Retained Earnings Available for Dividend Declaration | | |
| (c) Tabular Schedule of Standards and Interpretations | | |
| (d) A Map of Conglomerate | | |
| 8 Interim Financial Statements as of June 30, 2017 | | Already attached . |
| 10 Information Statement and Management Report shall be uploaded to Issuer's Website. | | Already noted by the Issuer-BDO Unibank |

Sincerely,


Precilla O. Torinao
Corporate Finance Director



WATERFRONT
PHILIPPINES

August 29, 2017

Dear Stockholder:



Please be advised that the annual meeting of the stockholders of WATERFRONT PHILIPPINES, INC. (the "Corporation"), will be held on Saturday, September 23, 2017 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 September 24, 2016
4. Report to Stockholders for the Year 2016
5. Ratification of Resolutions and Acts of the Board and Management in 2016
6. Election of Board of Directors for the Ensuing Term
7. Appointment of External Auditor
8. Other Business
9. Adjournment

The record date for the purpose of determining the stockholders who are entitled to vote in said stockholders' meeting is August 29, 2017. The stock and transfer book will be closed from August 30, 2017 to September 23, 2017.

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

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 23, 2017 at 10:00 a.m. at Waterfront Cebu City Casino 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 31, 2017
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 |
|--|--|
| <u>Common Shares - P1.00 par value</u> | <u>2,498,991,753</u> |
-
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:
The 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 23, 2017 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 31, 2017.

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 23, 2017.
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 23, 2017.

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, 2017. The record date for purposes of determining stockholders entitled to vote is **August 29, 2017**. 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, 2017)**

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:

| <u>Title of Class</u> | <u>Name & Address of Record Owner & Relationship with Issuer</u> | <u>Name of Beneficial Owner & Relationship with Record Owner</u> | <u>Citizenship</u> | <u>No. of Shares Held</u> | <u>% of Class</u> |
|-----------------------|--|---|--------------------|---------------------------|-------------------|
| Common | The Wellex Group, Inc. 35 th Flr One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas <i>TWGI is the holding company and major stockholder of WPI.</i> | The Wellex Group, Inc. 35 th Flr One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City • 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 <i>(PCD Nominee is not related to WPI)</i> | Various Clients | Filipino | 574,587,573 | 22.993% |

| | | | | | |
|--------|---|--|--------------|-------------|--------|
| Common | Silver Green Investments LTD. Commence Overseas LTD. Commence Chambers P.O Box 2200, Road Town Tortola, BVI | As of the date of this definitive report the authorized person to vote is not yet known. | Non Filipino | 180,230,000 | 7.212% |
| 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% |

Natural persons authorized to vote the shares of Silver Green Investments LTD., Chesa Holding, Inc. Tybalt Investment LTD and PCD Nominee cannot be identified until the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact.

None from above do foreigners own directly or indirectly of more than 5% of any class of the Company's voting securities. PCD Nominee (Non-Filipino), only 1.445% or 36,117,001 shares.

Security Ownership of Management
(As of June 30, 2017)

| 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 | 79 | Filipino |
| Elvira A. Ting | Treasurer/Director | 57 | Filipino |
| Lamberto B. Mercado, Jr. | Director | 53 | Filipino |
| ➤ Sergio R. Ortiz-Luis, Jr. | Independent Director | 74 | Filipino |

| | | | |
|-----------------------|----------------------|----|----------|
| ➤ Ruben D. Torres | Independent Director | 76 | Filipino |
| Reno I. Magadia | Director | 47 | Filipino |
| ➤ Arthur M. Lopez | Independent Director | 71 | Filipino |
| Kenneth T. Gatchalian | President/Director | 41 | Filipino |
| Dee Hua T. Gatchalian | Director | 69 | Filipino |
| Arthur R. Ponsaran | Corporate Secretary | 74 | 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.

Independent Directors should possess all the qualifications and none of the disqualifications to serve as such as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations.

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.

Directors and Executive Officers:

- There are 9 seats in the Board of Directors. The term of office of each member is one year.
- 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 | 79 | 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; Vice-Chairman of Acesite (Phils.) Hotel Corp.; 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. An active member of Rotary Club of Makati North. |
| Director | Kenneth T. Gatchalian | 41 | Filipino | Director-Wellex Industries Inc.; President & CEO of Acesite (Phils.) Hotel 2007-present; President and Chief Executive Officer of Philippine Estates Corporation 2010-2011; Director-Forum Pacific Inc. |
| Director | ➤ Arthur M. Lopez | 71 | Filipino | Owner and Principal Consultant of AML Hotel Consultancy, Management and Technical Services Consultant of Federal Land and owner of Grand Hyatt Projects and Marco Polo Cebu; Director-Philippine Estates Corp., Chairman- Acesite Phils. Hotel Corp, Hotel Management Consultant of the B Hotel Manila, Bellevue Bohol Resort in Panglao, B Hotel |

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|------------------------|-----------------------------|----|----------|---|
| | | | | Quezon City, Bellevue Baguio (opening in 2018) and Bloomberry Casino Hotels & Resorts; Regional Director of Asia Pacific Top Management International Resources Corp.; Hotel Management Consultant of Double Dragon properties Corporation. President of Legoli Holdings Inc and Arleff Holdings Inc. and President of Phil. Hotel Federation Inc. |
| Director | Dee Hua T. Gatchalian | 69 | 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 | 47 | 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. | 53 | 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. | 74 | Filipino | Independent Director-Waterfront Philippines, Inc., President & CEO - Philippine Exporters Confederation, Inc. (PHILEXPORT); Honorary Chairman - Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines, Integrated Concepts and Solutions, Inc., Vice-Chairman of 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 Affiliations: Vice-Chairman - Export Development Council; 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 | 76 | Filipino | Independent Director Waterfront Philippines, Inc., President -BPO Workers Association of the Phils.; Senior Partner - Torres Caparas Torres Law Offices; Secretary General-Katipunan ng Manggagawa at Magsasaka ng Pilipinas; Chairman/CEO - Service Exporters Risk Management & Consultancy Co., Towers Corporation and Optimus Medical Care and Trading Corporation. |
| Director and Treasurer | Elvira A. Ting | 57 | 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 |

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| | | | | Corporation. |
| Corporate Secretary | Arthur R. Ponsaran | 74 | 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, Shuykill Assets Strategists (SPV-AMC), Inc., Petrolift Corp. |

Key Officers

| Name | Office | Age | Citizenship |
|--------------------------|--|-----|-------------|
| Kenneth T. Gatchalian | President | 41 | Filipino |
| Precilla O. Toriano | Corporate Finance Director | 49 | Filipino |
| Maria Socorro Cotelos | Corporate Planning Director | 41 | Filipino |
| Ma. Theresa S. Fernandez | Corporate Sales and Marketing Director | 55 | Filipino |

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

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:

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|--|------------------------------|
| Renato B. Magadia | Chairman of the Board |
| A graduate of the University of the Philippines Diliman with a degree in Business Administration major in Accounting and a Certified Public Accountant. 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 From 2006-2008 he is the Rotary Governor for district 3930. | |

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| 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. Holds a Degree in Bachelor of Science in Architecture from University of Texas in San Antonio, Texas, USA. He's been the director of Waterfront since February 2001. | |

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|---|-----------------|
| Arthur M. Lopez | Director |
| Hotel management consultant specializing in general hotel management consultancy services, marketing, hotel design development/technical services, gaming, hotel feasibility study, pre and post hotel opening management services, asset management/owner's representative, food and beverage concept and service, mergers and acquisitions, travel and tours, theme parks and third party management and branding. The Owner and Principal Consultant of AML Hotel Consultants. | |

Hotel Management and Development Consultant - Double Dragon Properties Corporation (PSE listed) - Hotel of Asia Inc. - Jin Jiang Ortigas, Jin Jiang Inn Makati, Injap Tower Iloilo, Hotel 101 Manila (500 rooms), Hotel 101 Fort project (600 rooms, under construction); Hotel 101 Bohol (250 rooms, under construction); Hotel Management and Development Consultant - Bellevue Bohol Resort, The Bellevue Hotel Manila, The B Hotel Manila, B Hotel Quezon City; Bellevue Baguio (under construction) opening in

2018; Bellevue Bohol Resort extension (140 rooms) opening 2019. Hotel Management and Development Consultant – Wydham Garden (Wellworth Properties and Development Corporation) Quezon City (200 rooms) opening in 2020 and in a resort hotel in Mactan, Cebu City (300 rooms) opening in 2021. The Chairman – Philippine Estates Corporation (PSE listed) and Acesite Philippines Hotel Corporation, owner of Manila Pavilion Hotel (PSE listed). Director – Waterfront Hotels and Casinos (PSE listed) – Waterfront Cebu City Hotel & Casino, Manila Pavilion Hotel & Casino, Waterfront Airport Hotel & Casino and Waterfront Insular Hotel Davao. President – Philippine Hotel Owners Association, Inc. (PHOAI) – the largest group of hotel owners and developers in the Philippines.

Holds a Bachelor of Science degree in Commerce, major in Management, and a Master’s Degree in Business Administration (MBA), both from the University of Santo Tomas in the Philippines. He completed a Tourism Management course at the East-West Center, University of Hawaii, Honolulu, Hawaii and Cornell University, Ithaca, New York, USA.

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| Dee Hua T. Gatchalian | Director |
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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.

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|------------------------|-----------------|
| 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.

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|---------------------------------|-----------------|
| 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. Associate Lawyer of Gascon, Garcia and Associates. 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.

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|----------------------------------|-----------------|
| 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. In 2014, he attended Exporter's Partner in Gearing the Country for the AEC Markets of the World 2, Technology Innovation and Entrepreneurship as Competitive Strategies PHILAAS 63rd Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.

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| 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. Presently he is also the President of BPO Workers Association of the Philippines and Senior Partner of Torres Caparas Torres Law Office. He is also the Secretary General of Katipunan ng Manggagawa at Magsasaka ng Pilipinas. 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.

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|-----------------------|-------------------------------|
| 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. Has been the 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

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|---|------------------|
| Kenneth T. Gatchalian (see above description) | President |
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| 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”. On June 2015, she took the 3-day MBA for Chief Finance Officers held in Kuala Lumpur, Malaysia.

| | |
|----------------------------|------------------------------------|
| Maria Socorro Cotel | Corporate Planning Director |
|----------------------------|------------------------------------|

Ms. Cotel 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.

In compliance with SEC Ruling, all Board of Directors and Executive Officers attended the Corporate Governance Seminar at Manila Pavilion Hotel on August 17, 2017.

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, 2017 and for the past 5 years, 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 | Unsecured; interest-bearing; subject to re-pricing; due in one year subject to renewal | 2016- P 861,550,000 2015 - P 945,471,000 |
| Pacific Rehouse Corporation (PRC) | Stockholder | Unsecured; interest-bearing; subject to re-pricing; due in one year subject to renewal | 2016 - P 531,158,000 2015 - P 520,743,000 |
| Philippine Estate (PHES) | Stockholder | Unsecured; non-interest bearing; due on demand | 2016 - P 92,054,000 2015 - P 92,054,000 |
| Crisanta Realty | Stockholder | Unsecured; interest-bearing; subject to re-pricing; due in 5 years | 2016 - P 340,197,000 2015 - P 332,797,000 |

See notes 8 on Consolidated FS 2016

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 Five

| Aggregate Compensation paid to the 3 highly compensated executive officers | Principal Position | Year | Salary (P) | Bonus (P) | Other annual compensation |
|--|--|--------------|----------------------------------|--------------|---------------------------|
| Precilla O. Toriano | Corporate Finance Director | 2016 2015 | P 9,026,336.05 P 8,665,992.96 | None None | None None |
| Maria Socorro Cotelos | Corporate Planning Director | 2014 | P 8,253,326.63 | None | None |
| Ma. Theresa S. Fernandez | Corporate Sales and Marketing Director | | | | |
| Ms. Lanelle Barba | Corporate Human Resource Director | | | | |
| Benhur Caballes | Hotel Manager | | | | |

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 2016 and December 2015.

Item 7. Independent Public Accountants

The external auditor of Waterfront Philippines, Inc. (WPI) for the most recently completed calendar year ending December 2016 is KPMG RG Manabat and Co., previously KPMG Manabat Sanagustin and Co., under Mr. Tireso Randy F. Lapidez, 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.

The company is in compliance with SRC Rule 68, Paragraph 3(b)(iv) .

There were no changes in and disagreements with the accountants nor with the current accounting firm relating on accounting and financial disclosure.

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, | |
|--|--|--------------|
| | 2016 | 2015 |
| Aggregate Fees Billed for the external audit of the Company's financial statements | 3,755,000.00 | 3,685,000.00 |

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 AND EXCHANGE OF SECURITIES**Item 9. Authorization or Issuance of Securities Other than for Exchange**

As of June 30, 2017 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, 2016 the company has a net worth of P5.8 billion and is not planning to issue unsecured bond for 2016.

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 | 7 th 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). ICBC loan was also fully paid March 31, 2016.

Legal Proceedings

SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 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 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, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 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 P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 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.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

In the absence of a formal restructuring agreement, the entire outstanding loan balance amounted to P375.00 million based on principal amount plus accrued interest and penalties amounted to P806.31 million and P746.44 million as at December 31, 2015 and 2014, respectively, presented as part of "Accrued interest and penalties" account under "Accounts payable and accrued expenses" (see Note 11).

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

The Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement.

In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS filed an appeal with the CA assailing the RTC of Quezon City decision in favor of the Company, et al. SSS filed its Appellant's Brief and the Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Company from the CA.

However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

As at the report date, both parties have not yet appeared before the PMCU-CA for the settlement of the dispute.

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.

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. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at December 31, 2016, the Parent Company is still awaiting SC's decision.

Management and its legal counsel believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not anymore have a present obligation (legal or constructive) with respect to the assessment.

Item. 11. Financial and Other Information

The consolidated financial statements are filed as part of this FORM SEC 2015, attached hereto and marked as "Annex A."

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

As of June 30, 2017 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.

D. Other Matters

Item 15. Action with Respect to Reports

1. Annual report for the year ending December 31, 2016 will be presented to the stockholders for approval.
2. Minutes of the 2015 Annual Stockholders' Meeting will also be presented to the security holder for approval.
3. Interim Report as of June 30, 2017 will be presented to the security holder for information regarding the actual situation of the business.

I

tem. 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.

Item 18. Other Proposed Action

For the coming Stockholders meeting on September 23, 2017 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 2016 and during the meeting a copy of the 2nd quarterly report for 2017 will be furnished to the stockholders.
- c. Election of the board of directors for the ensuing term:
 - Mr. Renato B. Magadia
 - Mr. Kenneth T. Gatchalian
 - Ms. Elvira A. Ting
 - Ms. Dee Hua T. Gatchalian
 - Mr. Arthur R. Ponsaran
 - Mr. Lamberto B. Mercado, Jr.
 - Mr. Reno I. Magadia
 - Mr. Arthur M. Lopez
 - Mr. Sergio R. Ortiz-Luis, Jr.
 - Mr. Ruben D. Torres
- d. Appointment of External Auditors
The board will recommend KPMG R.G. Manabat & Co., previously KPMG Manabat Sanagustin and Co., as the Corporate External Auditor for the year 2017.

e. Appointment of External Counsel

For the year 2017, 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 ENTITLED TO NOTICE OF AND VOTE OF AT THE MEETING, AT THE DISCRETION OF THE MANAGEMENT, A CHARGE MAY BE MADE FOR EXHIBITS, 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 31st floor Antel Global Corporate Center # 03 Doña Julia Vargas, Ortigas Center Pasig City.

PART II

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

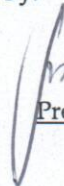
PART III

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 18, 2017.

By:

(Signature)



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

CERTIFICATION OF INDEPENDENT DIRECTOR

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 a nominee for independent director of Waterfront Philippines Inc. and have been its independent director since 2002.
2. I am affiliated with the following companies or organizations

| COMPANY/ORGANIZATION | POSITION/RELATIONSHIP | PERIOD OF SERVICE |
|---|--|-------------------|
| Acesite (Phils.) Hotel Corporation | Chairman/ Independent Director | 2004- present |
| Phil. Estates Corporation | Director | 1996- present |
| Phil. Hotel Owners Association Inc. | President | 2006- present |
| Hotel Management and Development Consultant (Double Dragon Properties Corp) | Consultant | 2013- present |
| Hotel of Asia Inc- Hotel 101 manila, Hotel 101 Fort, Hotel 101 Management Corp. | Hotel Management Consultant | 2013- present |
| Bellevue (Bohol , Manila, Quezon City, Baguio) | Hotel Management Consultant | 2003- present |
| Wydham Garden Quezon City (Wellworth Properties and Development Corporation) | Hotel Management and Development Consultant and Project Consultant | 2016- present |
| Udenna Development Corporation | Hotel Management and Development Consultant and Project Consultant | 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, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director /officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

| NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER | COMPANY | NATURE OF RELATIONSHIP |
|--|---------|------------------------|
| N/A | N/A | N/A |
| | | |
| | | |

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

| OFFENSE CHARGED/INVESTIGATED | TRIBUNAL OR AGENCY INVOLVED | STATUS |
|------------------------------|-----------------------------|--------|
| N/A | N/A | N/A |
| | | |
| | | |

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in _____, pursuant to Office of the President Memorandum Circular No.17 and Section 12 Rule XVIII of the Revised Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of _____ of any changes in the abovementioned information within five days from its occurrence.

Done, this AUG 18 day of 2017 , at CITY OF MANILA .

[Signature]

 Affiant

SUBSCRIBED AND SWORN to before me this AUG 18 2017 at CITY OF MANILA , affiant personally appeared before me and exhibited to me his / her _____ issued at _____ on _____.

Doc. No. 454
 Page No. 91
 Book No. 14
 Series of 209

[Signature]
ATTY. GILBERTO B. PASIMANERO
 Notary Public until Dec. 31, 2017
 Notarial Commission 2016-038 Mla.
 IBP# 1013098 Pasig 12-16-15 until 2017
 PTR# 5939952 - Mla. 1-3-2017
 Roll# 25473, TIN# 103-098-346
 MCLE Compl. No. V-0006269 until 4-14-19

CERTIFICATION OF INDEPENDENT DIRECTOR

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 a nominee for independent director of Waterfront Philippines Inc. and have been its independent director since 2006.

2. I am affiliated with the following companies or organizations

| COMPANY/ORGANIZATION | POSITION/RELATIONSHIP | PERIOD OF SERVICE |
|--|------------------------------|-------------------|
| 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 | President/ Honorary Chairman | 2010- present |
| Philippine Estates Corporation | Director | 2015- present |
| International Chamber of Commerce of the Philippines | Founding Director | present |
| Manila Exposition Complex inc (World Trade Center) | Director | present |
| Consulate of Romania in the Philippines | Honorary Consul General | 2015- 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, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director /officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

| NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER | COMPANY | NATURE OF RELATIONSHIP |
|--|---------|------------------------|
| N/A | N/A | N/A |
| | | |
| | | |

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

| OFFENSE CHARGED/INVESTIGATED | TRIBUNAL OR AGENCY INVOLVED | STATUS |
|------------------------------|-----------------------------|--------|
| N/A | N/A | N/A |
| | | |
| | | |

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in _____, pursuant to Office of the President Memorandum Circular No.17 and Section 12 Rule XVIII of the Revised Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.


8. I shall inform the Corporate Secretary of _____ of any changes in the abovementioned information within five days from its occurrence.

Done, this AUG 18 2017, at CITY OF MANILA.


Affiant

SUBSCRIBED AND SWORN to before me this AUG 18 2017 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his / her _____ issued at _____ on _____.

Doc. No. 453
Page No. 91
Book No. 14
Series of 2017


ATTY. GILBERTO B. PASIMANERO
Notary Public until Dec. 31, 2017
Notarial Commission 2016-038 Mla.
IBP# 1013098 Pasig 12-16-15 until 2017
PTR# 5939952 - Mla. 1-3-2017
Roll# 25473, TIN# 103-098-346
MCLE Compl. No. V-0006269 until 4-14-19

Republic of the Philippines)
City of Pasig)S.S.

AFFIDAVIT OF UNDERTAKING

I, ATTY. ARTHUR R. PONSARAN, of legal age, with office address 31st Floor Antel Global Corporate Center, Julia Vargas Avenue, Ortigas Center, Pasig City, Philippines, after having duly sworn to in accordance with law, do hereby depose and state:

That I am the Corporate Secretary of Waterfront Philippines, Inc.;

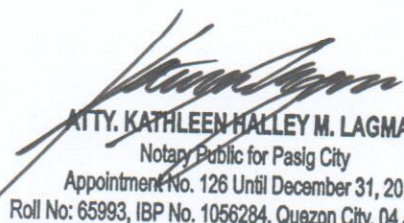
That, Atty. Ruben Torres, one of the nominees for Independent Director, is out of the country. Hence, the Company undertakes to submit the Certificate of Independent Director upon his arrival in the country or before the Annual Stockholders' Meeting.

That I attest to the truthfulness of this undertaking.


ATTY. ARTHUR R. PONSARAN
Affiant

SUBSCRIBED AND SWORN TO before me this 18th day of August, 2017 at Pasig City, Philippines, affiant exhibited to me his TIN with No. 127040176.

Docs. No. 171;
Page No. 34;
Book No. I;
Series of 2017.


ATTY. KATHLEEN HALLEY M. LAGMAN
Notary Public for Pasig City
Appointment No. 126 Until December 31, 2018
Roll No: 65993, IBP No. 1056284, Quezon City, 04 Jan 2017
PTR No. 2362210, Pasig City, 04 Jan 2017
Unit 3104 Antel Global Corporate Center,
Doña Julia Vargas Ave., Ortigas Center, Pasig City
Admitted to the Bar 2016

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 |
| Services Exporters Risk Management & Consultancy Co (SERMC) | Chairman / CEO | Present |
| Trade Union Congress of the Philippines | VP- International Affairs | Present |
| Torres Caparas Torres Law Offices | Senior Partner | 1998-present |
| WATERFRONT PHILIPPINES INC. | Board of Director | 2006-present |
| ACESITE PHILIPPINES HOTEL CORP. | Board of Director | 2014-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 07 AUG 2017 at CITY OF MANILA.



 Affiant

SUBSCRIBED AND SWORN to before me this _____ day of 07 AUG 2017 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 135-071-068-000.

Doc. No. 197 ;
 Page No. 40 ;
 Book No. 13 ;
 Series of 2017.


ATTY. GILBERTO B. PASIMADERO
 Notary Public until Dec. 31, 2017
 Notarial Commission 2016-038 Mla.
 IBP# 1013098 Pasig 12-16-15 until 2017
 PTR# 5939952 - Mla. 1-3-2017
 Roll# 25473, TR# 103-098-346
 MCLE Compl. No. V-0006269 until 4-14-19

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 Philippines. (BWAP) | President | Present |
| Service Exporters Risk Management & Consultancy Co (SERM) | Chairman/CEO | Present |
| Trade Union Congress of the Philippines | VP-International Affairs | Present |
| Torres Caparas Torres Law Office | Senior Partner | 1998-present |
| WATERFRONT PHILIPPINES INC. | Board of Director | 2006-present |
| ACESITE PHILIPPINES HOTEL CORP. | Board of Director | 2014-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 13 2016 at CITY OF MANILA



 Affiant

SUBSCRIBED AND SWORN to before me this ____ day of JUL 13 2016 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 135-071-068-000.

Doc No. 336 :
 Page No. 63 :
 Book No. XVI :
 Series of 2016.


ATTY. JOSELYN BONNIE V. VALEROS
 NOTARY PUBLIC, ROLL NO. 54515
 PTR No. 1,2415 issued on Dec. 22, 2015 Until Dec. 31, 2016
 19P JCR No. 733963 issued on Aug. 21, 2007
 Commission No. 2016-089 issued on April 05, 2016, Until Dec. 31, 2017
 Office Address: Imperial Bayfront Tower, 1642 A. Mabini, Manila
 MCLC NO. IV-0017429 issued on April 18, 2013

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 | Chairman/Independent Director | 2004-present |
| Phil. Estates Corporation | Director | 1996-present |
| Phil. Hotel Owners Association Inc. | President | 2006-present |
| Hotel Management and Development Consultant (Double Dragon Properties Corp) | Consultant | 2013 – present |
| Hotel of Asia Inc – Hotel 101 Manila, Hotel 101 Fort, Hotel 101 Management Corp. | Hotel Management Consultant | 2013 – present |
| Bellevue (Bohol, Manila, Quezon City, Baguio) | Hotel Management Consultant | 2003 – present |
| Wydham Garden (Wellworth Properties and Development Corporation) | Hotel Management and Development Consultant and project consultant | 2016 – present |
| Udenna Development Corp | Hotel Management and Development Consultant and project consultant | 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 07 AUG 2017 at CITY OF MANILA.

Arthur M. Lopez

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of 07 AUG 2017 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 181-980-515-000.

Doc. No. 196 ;
Page No. 40 ;
Book No. 13 ;
Series of 2017.

[Signature]

ATTY. GILBERTO B. PASIMANERO
Notary Public until Dec. 31, 2017
Notarial Commission 2016-058 Mla.
IBP# 1013098 Pasig 12-16-15 until 2017
PTR# 5939952 - Mla. 1-3-2017
Roll# 25473, TIN# 103-098-346
MCLE Compl. No. V-0006269 until 4-14-19

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 | Past President/Honorary Chairman | 2010 - present |
| Philippine Estates Corporation | Director | 2015 - present |
| International Chamber of Commerce of the Philippines | Founding Director | present |
| Manila Exposition Complex Inc (World Trade Center) | Director | present |
| Consulate of Romania in the Philippines | Honorary Consul General | 2015 - present |

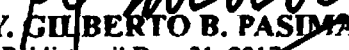
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Philippines, Inc, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties 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 07 AUG 2017, at CITY OF MANILA.


Affiant

SUBSCRIBED AND SWORN to before me this _____ day of 07 AUG 2017 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Tax Identification Number 107-846-762-000.

Doc. No. 202
Page No. 41
Book No. 13
Series of 2017.


ATTY. GILBERTO B. PASIMANO
Notary Public until Dec. 31, 2017
Notarial Commission 2016-038 Mla.
IBP# 1013098 Pasig 12-16-15 until 2017
PTR# 5939952 - Mla. 1-3-2017
Roll# 25473 TIN# 102-002-346

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

On Present and Future Growth

Insights from a Remarkable Year

This has been an exceedingly good year for the Waterfront group, marked by robust revenue across the board and extraordinary double-digit growth in key areas. Overall efficiency is better than ever, reflected in our stellar profitability, which has been bolstered by our ever-increasing proficiency in delivering cost savings across multiple decisive areas of our operations.

This synergism between astute revenue-generation and augmented efficiency in cost control has proven to be the ideal co-action responsible for driving our present success. Our ability to achieve greater revenue through aggressive efforts in creative marketing and savvy identification of important offline and online channels has boosted our consolidated figures, with Gross Revenue at PHP 2.14 billion this year, up 2% from the previous year's PHP 2.10 billion. Gross Operating Profit (GOP) is up 11% this year at PHP 772.97 million from last year's PHP 696.53 million. Net income is at PHP 318.88 million, up a striking 101% from 2015's PHP 158.71 million.

Operating expenses are down by notable 3%, from PHP 1.4 billion in 2015 to PHP 1.36 billion. We have reduced overall payroll cost by 5%, from PHP 354.95 million in 2015 to PHP 336.52 million this year. Total energy cost has been reduced by 1%, from PHP 333.24 million to PHP 330.68 million, an improvement that not only reflects cost-efficiency but also a smaller environmental footprint. Waterfront, considering environmental protection drives as an important part of our Corporate Social Responsibility (CSR) program, has invested in new technology and equipment consistently in order to reduce dependence on inefficient, wasteful energy generation grids and improve energy costs and conservation. All of these efforts in trimming expenses in overall operations, Human Resource and energy further contribute to greater company sustainability, indicative of consistent year-on-year "leaning up" of operations while not sacrificing – in fact, improving – profitability.

Consolidated Room Revenue is up by 9%, from PHP 606.47 million in 2015 to PHP 662.12 million this year. Rental Revenue is at PHP 805.70 million. Consolidated F&B Revenue is up 2% at PHP 595.04 million from PHP 585.76 million last year. Occupancy, Revpar and ARR are all improved. Occupancy is up at 69% over last year's 66%, a positive variance of 3%. Revpar is up by 4%, from PHP 1,498 to PHP 1,554. ARR has jumped 4%, from PHP 2,270 to PHP 2,355.

Waterfront Cebu City Hotel (WCCH) posted an exceptional year with gains in nearly every aspect of hotel operations. Occupancy rate increased by 2%, at 61% this year versus the previous year's 59%. Revpar is now at PHP 1,537, up 7% from 2015's PHP 1,434. ARR is up 4% from PHP 2,414 to PHP 2,508. Rooms Revenue has increased by 7%, from PHP 279.72 million in the previous year to PHP 300.67 million. F&B income is steady at PHP 308.33 million. Rent and related income has improved by 12% at PHP 328.21 million versus 2015's PHP 293.99 million. Income from other operating departments is significantly up by 41%, from PHP 10.08 million the previous year to PHP 142.29 million this year. Gross Revenue for WCCH has grown 7% from PHP 892.98 million to PHP 951.44 million.

Cost and expenses for WCCH were reduced by 2% this year, from PHP 569.75 million to PHP 558.17 million. GOP is up by double digits at 22%, leaping from PHP 323.22 million in 2015 to PHP 393.27 million in 2016. NOP (after tax) is up by a monumental 145%, from PHP 64.32 million to PHP 157.62 million. Payroll cost has been significantly reduced by 12%, from PHP 133.99 million in 2015 to PHP 117.78 million. Energy cost for the hotel is at PHP 146 million.

Acesite this year reports an Occupancy Rate of 56%. Revpar is at PHP 1,270 and ARR at PHP 2,274, reflecting an increase of 2% from the past year's PHP 2,232. Rooms Revenue for the hotel is at PHP 151.60 million, up 2% from 2015's PHP 149.12 million. Rent and Related Income posted a level growth rate, although still reflecting an income increase of PHP 151,106—from PHP 332.57 million in 2015 to PHP 332.72 million this year. Food and Beverage is up by 0.7% this year, from PHP 101.57 million to PHP 102.25 million. Income from other operating departments is at PHP 2.66 million. Cost and expenses total PHP 373.17 million, reflecting a significant cost reduction of 8% from the previous year's PHP 404.81 million. GOP is at 216.07 million. NOP is PHP 70.47 million. The establishment has posted cost reduction in payroll, from PHP 131.55 million in 2015 to PHP 126.66 million in 2016—a variance of 4%. Energy cost has also dropped by 6%, saving the company PHP 6.40 million, from PHP 108.91 million in 2015 to PHP 102.51 million this year.

Waterfront Insular Hotel Davao (WIHD) reports an increased Occupancy Rate of 70%, up 3% from the previous year's 67%. Revpar has grown by 8%, from PHP 1,362 to PHP 1,468. ARR is up 3% at PHP 2,104 this year versus PHP 2,035 in 2015. Rooms Revenue is up by 10%, from PHP 73.12 million in 2015 to PHP 80.43 million in 2016. F&B revenue has a growth rate of 8%, increasing from PHP 98.04 million to PHP 105.64 million. Other operating departments' income grew by 2% from PHP 5.37 million to PHP 5.47 million. Gross revenue for the property is up this year by 9%, from PHP 176.53 million to PHP 191.54 million.

Cost and expenses for the hotel amounted to PHP 161.21 million. GOP is at PHP 30.33 million and NOP (after tax) is PHP 12.40 million. Payroll cost for the property is PHP 42.95 million and energy cost is PHP 27.03 million. WIHD continues to be a valuable property that represents the Waterfront group in a key city in Southern Philippines.

Waterfront Airport Hotel (WAH) boasts of positive across-the-board growth in 2016. Occupancy is at a record high, growing 12% from an already impressive 79% to 91% in 2016. Revpar has increased by 21% from PHP 1,902 to PHP 2,298. ARR is up by 6%, from PHP 2,399 to PHP 2,534. Rooms Revenue has grown by 24% from PHP 104.52 million to PHP 129.42 million. Rent and related income is up by 3%, from PHP 141.15 million in the previous year to PHP 145.49 million this year. F&B income also grows at 5%, from PHP 73.14 million to PHP 76.89 million. Other operating departments posted an aggregate income of PHP 11.38 million, up 21% from PHP 9.41 million last year.

Cost and expenses at the property amount to PHP 197.25 million. GOP has risen a notable 23%, from PHP 134.62 million last year to PHP 165.92 million this year. NOP (after tax) is up by double digits too, rising 44% from PHP 60.95 million in 2015 to PHP 87.52 million this year. Payroll cost is at PHP 35.26 million. Energy cost has been significantly lowered by 24%, from PHP 60.22 million to PHP 45.97 million, an achievement considering the increase in occupancy.

We are proud of this property's performance, posting double-digit growth among most significant markers. We continue to expect great things from WAH owing to its strategic position as a highly valued property right across a major gateway to the Philippines—the Mactan-Cebu International Airport (MCIA)—currently undergoing aggressive expansion under international management. The ability of our organization to foresee developments and build right at the hubs of tourism and urban growth is our competitive edge. I congratulate our people for being ever so skilled at responding to opportunities, managing costs and maximizing profitability, for taking care of our guests and being excellent stewards of the Waterfront brand as it serves an expanding market.

Our present success gives us much reason to celebrate. I believe this is also the best time to pause and take stock of all our strategic efforts of the past years that have led to this level of efficiency and profitability

overall for the group. All of this is proof that prudent management and strategic investments over the years, with eyes on the future, helped our company weather many challenges, maintaining its stability while positioning it to take advantage of future growth opportunities.

One major breakthrough that has stood out in 2016 is our ability to manage costs across our properties. Overall costs and expenses for the entire group was reduced by 2.99% or PHP 41.99 million. From PHP 1.40 billion in 2015, costs dropped to PHP 1.36 billion in 2016. This stems from the establishment of various cost control mechanisms that, over the years, have become effectively embedded in our operations. The breakthroughs in overall cost reduction this year are due to efficient management among these categories: energy cost, cost of sales and manning cost.

In terms of energy cost, best practices and well-established habits add up to high energy efficiency, resulting in cost reduction. Energy cost for the entire group dropped this year by 1% or PHP 2.56 million--from PHP 333.24 million in 2015 to PHP 330.68 million in 2016. This is reflective of a larger and continuing downward trend in energy expenses year on year as a result of cumulative efforts and increased overall energy efficiency.

For cost of sales, resources conservation, effective planning and resource management are all effective strategies in ensuring that this cost category is efficiently reduced.

In terms of manning cost, we have ongoing retirement programs that offer reasonable packages for voluntary early retirement. This has delivered tremendous cost savings among our various properties, as it has contributed to the streamlining of our workforce. We also encourage multitasking to a certain extent in various departments, eliminating redundancies and overstaffing, therefore building a team that is leaner and more effective. Personnel costs were reduced by 5% or PHP 18.43 million, from PHP 354.95 million in 2015 to PHP 336.52 million in 2016.

Repairs and maintenance cost dropped by double digits--36% or PHP 27.02 million, from PHP 75.63 million in 2015 to PHP 48.61 million in 2016. Consolidated rent cost was reduced by 28% or PHP 18.85 million, from PHP 66.78 million in 2015 to PHP 47.93 million in 2016. Rooms expenses dropped by 24% or PHP 11.91 million--from PHP 48.93 million in 2015 to PHP 37.02 million in 2016.

While Waterfront is driven to improve its cost efficiency dramatically, we make sure to never sacrifice our quality of service. To guarantee consistent service excellence, we are committed to constantly developing our workforce. Our people are our heart and soul--the software complementing our vast hardware. They are the main drivers of our business, giving life to our infrastructure.

Peers' training and development for the group in 2016 remains active and robust. The group's total achieved Training Index of 129.15 hours per person exceeded the target of 90 hours per person by 44%.

The group has supported the continuing development of its top-level executives through international professional certifications. Our partnership with the American Hotel and Lodging Association through its educational arm, American Hotel & Lodging Educational Institute (AHLEI), has been renewed. Through this partnership, twenty (20) peers from all our properties were enrolled in its self-paced Professional Certification Designations. This program enables our people to be part of an elite group of hospitality professionals who combine education and experience to achieve a high level of expertise. Managers and Section Heads underwent AHLEI's Certified Guest Service Professional program certification. Our Peers in the Engineering Division have undergone national-level training programs that qualified them to be Pollution Control Officers and Managing Environmental Heads for our properties. WCCHC strengthened its Engineering team by sponsoring two of its peers to the Expanded Tertiary Education Equivalency and

Accreditation Program (ETEEAP) program of the Commission on Higher Education. Even more resources were put into reorientation on our newly-upgraded Engineering Maintenance Systems and further screening and hiring of new engineering professionals.

Our Peers went through sessions on Severe Disaster Preparedness and Risk Awareness--a program designed to further strengthen our organization when it comes to dealing with emergencies. The Department Heads and Managers across all our properties were sent to several conventions at international, national and regional levels to keep them informed of the trends, requisites, innovations and optimization issues in our industry. Among these were Lean Six Sigma Green Belt Certification, The Power of X: Digital Multiplied by the Internet and Mobile Marketing Association of the Philippines, Japanese Language Program by Speedtalk, Peso Security Features by the Bangko Sentral ng Pilipinas, plus many more.

MPH clocked the highest training index of 139.76 hours. WAHC was a close second with 134.63 hours, followed by WCCHC with 123.88 hours and WIHD with 118.33 training hours per person for 2016.

As we continue to grow both our offline and online distribution channels, we are seeing significant returns on our decisions to innovate. Our online channels have yielded impressive figures this year.

For WCCH, online contribution percentage rose from 40% to 44%--a 10% growth rate. The property generated PHP 307.06 million Total Rooms Revenue in 2016, of which Online Segment Revenue contributed PHP 133.80 million. By comparison, online contribution in 2015 was PHP 113.24 million out of Total Rooms Revenue of PHP 285.78 million. The annual growth rate for Online Segment Revenue (from PHP 113.24 million to PHP 133.80 million) is in double digits at 18%.

WAH has demonstrated high growth in this area too, with online contribution percentage rising from 46% to 49% of Total Rooms Revenue. In 2015, Online Segment Revenue was PHP 48.41 million out of Total Rooms Revenue of PHP 105.01 million. In 2016, Online Segment Revenue was PHP 63.41 million of the Total Rooms Revenue of PHP 130.25 million. Growth for Online Segment Revenue is at 31%, while the growth rate for percentage of online contribution for this property is at 6%.

WIHD posts its 2016 Online Segment Revenue at PHP 18.54 million out of PHP 81.16 million Total Rooms Revenue, a percentage contribution of 23%. The past year's Online Segment Revenue was at PHP 12.31 million out of Total Rooms Revenue of PHP 73.87 million, a percentage contribution of 17%. Growth rate for Online Segment Revenue is at 51%, while percentage online contribution rose by 37% .

MPH delivered an Online Segment Revenue of PHP 53.19 million in 2016, out of a Total Rooms Revenue of PHP 151.61 million, a percentage contribution of 35%. By comparison, 2015 yielded PHP 44.93 million online contribution out of PHP 149.22 million. Total Rooms Revenue, a percentage contribution of 30%. Growth rate for MPH Online Segment Revenue is 18%, while the percentage of online contribution grew by 17%.

Our Central Reservations Office (CRO) continues to be a valuable channel for our reservations, with the number of calls received still growing from 79,229 in 2015 to 88,159 in 2016, reflecting a growth rate of 11%. The number of dropped calls have been significantly reduced, a positive indication of our follow-through efficiency and quality of service. Dropped calls have been slashed from 6% in 2015 to 4% in 2016, a reduction of 2%. Percentage of online-based inquiries to the CRO has increased, from 2% in 2015 to 6% in 2016, a triple-digit hike of 200%. For our Central Reservations System, we continue to use Compass Edge as our booking engine under its own website for WCCH, WAHC and WIHD; for WPHC we are working with DirectWithHotels as our engine.

We are also contracting Compass Edge to develop our China market online through a Chinese Website powered by the same company. In January of 2016, we contracted Compass Edge to create a web page in simplified Chinese published in the hotel's subdomain, www.waterfrontcebucityhotel.com.cn. The page went live in May 2016. The site's SEO was facilitated through Baidu, where it was submitted for indexing. Features include mobile-friendliness and mobile-responsiveness, and linkage to social media via Weibo, one of China's top social media platforms. We are optimistic that through these new methods of customer engagement, we can gain more access to the Chinese market, talking directly to our customers and reaching them where they spend most of their time.

The Waterfront app is delivering outstanding results this year as customers move to it as one of their favourite touch points. For WCCH, the app's growth rate for production in room nights, ARR and Revenue all increased by 502%, 31% and 689% respectively. WAH has seen 154% increase in room nights via the app, and a 125% increase in app-generated Revenue. MPH posted even bigger figures as app-generated Room nights experienced a 3500% increase, ARR a growth rate of 90% and Revenue spike of 6750%.

Other online channels continue to be a frontier for growth as online travel agencies (OTAs) contribute mostly double-digit growth. For WCCH, OTA contribution to Room nights grew by 16%, ARR by 6% and Revenue by 23%. WAH's OTA-generated Room nights grew by 14%; ARR by 8% and Revenue by 23%. WIHD also experienced growth in OTA-generated revenue. Room nights grew by 42%, ARR by 9% and Revenue by 55%. MPH sees a 19% growth rate in OTA-generated room nights and 19% growth in Revenue. Overall, OTA contributions are robust and retain an important component of our total revenue.

Consistent with our practice of supporting future growth trajectories, Waterfront prides itself in continually striving to provide value to its customers. On top of all the successes of the year, 2016 is also pivotal in that management has come to a decision to embark on new projects to reinvigorate the Waterfront brand.

We have engaged master planners to look into the site potentials of the hotels as they are located in three major cities across the country. As these properties sit on vast areas of land, the master planners have been tasked to evaluate our properties and derive the true potential of our assets, with the goal of increasing overall real estate value. These master planners are both local and international in prestige, such as AECOM, Casas and Recio Architects. These international and world-class teams unlock value by determining best use capacity through careful professional studies of each property's sites.

We are looking to diversify revenue streams and exploit the opportunities afforded by these properties, being strategically built close to airports and key business areas. These prime locations have a massive potential that has yet to be further unlocked through best use. We open up new revenue streams by complementing, enhancing and improving on our core business which is hospitality.

Through this next bold step, the brand moves forward into the future. We look to deliver even greater value as part of our unwavering commitment to our shareholders. We are contemplating a change that sparks our revenue potential, exploiting unexplored channels, expanding our revenue stream and safeguards our position through constant innovation.

Without a doubt, even as we experience double-digit growth, the Waterfront brand is being reinvented as we speak.

Management's Discussion and Analysis or Plan of Operation

Our ability to achieve greater revenue through aggressive efforts in creative marketing and savvy identification of important offline and online channels has boosted our consolidated figures, with Gross Revenue at PHP 2.14 billion this year, up 2% from the previous year's PHP 2.10 billion. Gross Operating Profit (GOP) is up 11% this year at PHP 772.97 million from last year's PHP 696.53 million. Net income is at PHP 318.88 million, up a striking 101% from 2015's PHP 158.71 million.

Consolidated Room Revenue is up by 9%, from PHP 606.47 million in 2015 to PHP 662.12 million this year. Rental Revenue is at PHP 805.70 million. Consolidated F&B Revenue is up 2% at PHP 595.04 million from PHP 585.76 million last year. Occupancy, Revpar and ARR are all improved. Occupancy is up at 69% over last year's 66%, a positive variance of 3%. Revpar is up by 4%, from PHP 1,498 to PHP 1,554. ARR has jumped 4%, from PHP 2,270 to PHP 2,355.

Below are the results of operations of the Parent Company and its subsidiaries, for the years ending December 31, 2016 and 2015 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS (Amounts in P)

| | 2016 | 2015 |
|--|--------------------|--------------------|
| Revenues | 2,135,345,241 | 2,100,907,790 |
| Less: Costs and Expenses | 1,362,379,137 | 1,404,374,036 |
| Gross Income | 772,966,104 | 696,533,754 |
| Other Expenses (Income) | 301,577,757 | 461,018,951 |
| Net Income (Loss) Before Income Tax | 471,388,347 | 235,514,803 |
| Income Tax Expense (Benefit) | 152,503,361 | 76,807,708 |
| NET INCOME (LOSS) | 318,884,986 | 158,707,095 |
| Earnings (Loss) Per Share | 0.115 | 0.051 |

FINANCIAL CONDITION (Amounts in P)

| | 2016 | 2015 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets | 2,096,232,446 | 2,103,361,353 |
| Non Current Assets | 7,011,111,868 | 6,441,372,043 |
| Total Assets | 9,107,344,314 | 8,544,733,396 |
| | | |
| LIABILITIES | | |
| Current Liabilities | 1,828,565,697 | 2,443,353,478 |
| Non-current Liabilities | 1,444,411,625 | 1,238,750,926 |
| Total Liabilities | 3,272,977,322 | 3,682,104,404 |
| Total Stockholders' Equity | 4,940,346,932 | 4,086,192,880 |
| Minority Interest | 894,020,060 | 776,436,112 |
| Total Liabilities & S/H Equity | 9,107,344,314 | 8,544,733,396 |

Calendar Year ended December 31, 2016 as compared with Calendar Year ended December 31, 2015**RESULTS OF OPERATION***Revenues and Earnings per share*

- Total revenues for year ended Dec. 31, 2016, was higher than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2016 is at P2.14B compared to 2015's P2.10B. Increase of 34.44M or 1.90%

Earnings per share for 2016, P0.115 compared to 2015 at P0.051. There are no potentially dilutive shares as of December 31, 2016, 2015, 2014.

Cost and expenses

- Cost and expenses of 2016 is at 1.36B with 42M decrease from last year or 2.99%.
-

FINANCIAL CONDITION

Cash and cash equivalents - This account increased by P31.13M which is higher from last year by 17.97%.

Receivables - Increased by 10.33% from P213.71M in 2015 to P235.45M in 2016.

Inventories - Inventories decreased by 3.79% from last years P29.30M.

Due from related parties-current portion - The account decreased to P72.31M an amount equivalent to 4.49%. This represents interest bearing advances to TWGI, PRC and Crisanta Realty. It also includes from PHES which is non-interest bearing. This year of 2016, these advances are due in one year, subject to yearly renewal and re-pricing.

Prepaid expenses and other current assets - An increased of P13.42M from last year's P76.98M. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

Property plant & equipment – This year at 11.13% increased from last year P5.93B. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2009.

Available for sale investments – In July and August 2005, the BOD approved the conversion of APHC's net receivables from related parties amounting to P43.30 million into 86.71 million shares of stock of WII which are listed in the PSE. The conversion resulted to a loss on exchange of assets of P31.10 million for APHC. The fair market value of the shares based on closing market price as at December 31, 2016 and 2015 amounted to P16.82 million and P18.21 million, respectively. Valuation loss recognized in OCI in 2016 and 2015 amounted to P1.39 million and P4.77 million, respectively, while a valuation gain amounting to P6.07 million was recognized in 2014.

Other non current assets – There is a decreased of P12.71M on this account, an amount equivalent to 31.24% compared from last year.

Current Liabilities – The account consists of trade payable, income tax payable, accruals and loans payable. The account decreased by 25.16% from last year; P2.44B in 2015 to P1.83B in 2016.

Loans Payable – Decreased by 24.40% or P121.03M. This consists of SSS Loan only. PBB loan was fully paid on April 29, 2016 while ICBC loan was also fully paid March 31, 2016.

Other current liabilities – The account resulted a decreased of 95.27%. Decreased of P516.91M was attributable to Concessionaires' and other deposits and Current portion of advance rental.

Calendar Year ended December 31, 2015 as compared with Calendar Year ended December 31, 2014

RESULTS OF OPERATION

Revenues and Earnings per share

- Total revenues for year ended Dec. 31, 2015, was higher than the previous year. In actual performance, revenues from hotel & other subsidiaries for the year 2015, is P2.10B compared to 2014's P1.97B. Impressive increase of 6.47% or 127.63M.

Earnings per share for 2015 were 0.051 compared to last year's 0.004. There are no potentially dilutive shares as of December 31, 2015, 2014, 2013.

Cost and expenses

- Cost and expenses decrease of P5.86M reflecting a slight decrease of 0.42% from previous year.

FINANCIAL CONDITION

Cash and cash equivalents – This account increase by P33.48M more or 23.97%. Short-term placements earn interest at 2% per annum and maturity of 30 days.

Receivables – receivables increased by 6.87%, from P199.96M in 2014 to P213.70M in 2015. The company continues to counter the increased credit sales, at the same time increase the collection, generally on a 30 day term.

Inventories – Inventories increased by 5.33% compared to last year. This year being at P29.30M and last year at P27.82M.

Due from related parties-current portion – This account was decreased by P373.89M or 18.84% compared to last year. The decreased was due to full settlement of MAHEC's advances on December 2015. This also represents interest bearing advances with TWGI and PRC at a rate of two percent (2%) per annum and subject for re-pricing yearly. PHES which is due and demandable with no interest charges.

Prepaid expenses and other current assets – There was an increased of P19.49M in this account approximately 33.90% from P57.49M in 2014 to P76.98M for this year. Prepaid expenses are defined as payment for services and or/ benefits yet to be performed or received, it also include prepaid taxes and insurance.

Due from related parties-noncurrent portion – This account increased by P332.80M . The advances were granted on December 21, 2015 with a 2% interest and maturity on December 21, 2020. It was agreed that Crisanta Realty has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses to pay the principal and interest within the time agreed upon, the same shall be due and demandable.

Property plant & equipment – This account was decreased by P308.64M reflecting a 4.95% decrease from last year.

Other non current assets – This account was decreased by P26.00M or 38.99% from P66.69M in 2014 to P40.69M of 2015. This consist of refundable deposits, special project deposits and other deposits to service providers.

Current Liabilities – This account consists of trade payable, income tax payable, accruals and loans payable. This account increased by 20.88% from last year, P2.02B in 2014 going up to P2.44B in 2015.

Accounts payable & accrued expenses – The account was increased by 4.90% from last year.

Loans Payable-current – There was a decreased of P78.14M equivalent to 13.61%. This represents loan from SSS, ICBC and PBB.

Other current liabilities – There was an increased of P468.61M equivalent to 688.45%. This represents concessionaire’s deposits, current portion of advance rental and others.

Other noncurrent liabilities – A decreased of P648.55M equivalent to 98.28%. This represents advance rental and others.

| TOP 5 PERFORMANCE INDICATORS | | | |
|---|----------------------|----------------------|----------------------|
| As of December 31, 2016, 2015 and 2014 | | | |
| | December 2016 | December 2015 | December 2014 |
| Occupancy percentage | 69% | 66% | 56% |
| Average Room Rates | 2,355 | 2,270 | 2,444 |
| Average Food Covers | 304,378 | 324,326 | 227,024 |
| Average Food Checks | 368.34 | 368.28 | 532.10 |
| Average Food Costs | 36% | 42% | 30% |

Occupancy Percentage

The Company’s occupancy percentage for 2016 was 69% as compared to last year’s 66%. 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 4% compared to last year’s balance of 2,270. It is computed by dividing the total rooms revenue over total number of rooms sold.

Average Food Covers

Food covers decreased 6%. This pertains to increasing number of guests that availed our outlets.

Average Food Checks

The average food checks or the average consumption per guest increased by 0.016%. 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 decreased by 6% as compared from last year. 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 2016 - NONE

Interim Periods and Comparable Discussions to Assess Material Changes:

Discussion and analysis on the operating results for the 1st quarter of 2017 is briefly discussed on the attached SEC Form 17Q while for the 2nd quarter ended June 30, 2017 will be attached on or before the scheduled date of 2016 Annual Stockholders Meeting which is duly received by SEC before its deadline on August 14, 2017. Attached herewith in this report is a Letter of Undertaking which states the distribution of SEC Form 17-Q 2nd quarter of 2017 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 |
|----------------------|-------|-------|
| 2017 | | |
| January – March 2017 | 0.650 | 0.335 |
| April- June 2017 | 1.08 | 0.375 |

| Peso | High | Low |
|------------------------|-------|-------|
| 2016 | | |
| January – March 2016 | 0.360 | 0.305 |
| April- June 2016 | 0.410 | 0.320 |
| July- September 2016 | 0.380 | 0.320 |
| October- December 2016 | 0.365 | 0.320 |

| Peso | High | Low |
|-----------------------|------|-------|
| 2015 | | |
| January – March 2015 | 0.40 | 0.335 |
| April- June 2015 | 0.37 | 0.315 |
| July-September 2015 | 0.43 | 0.170 |
| October-December 2015 | 0.38 | 0.300 |

The number of stockholders of record as of December 31, 2015 on the Register of Shareholders was 452 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, 2016 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, 2017 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) | 574,587,573 | 22.993 |
| 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. | Pacific Wide Realty Development Corp. | 36,445,000 | 1.458 |
| 7. | PCD Nominee Corporation (Non-Filipino) | 36,117,001 | 1.445 |
| 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 2017 and 2016 is KPMG 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.

COVER SHEET

AS094-8678
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

SEC 17 - Q2

0 9

2 3

Month Day

FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

452

Total No. of Stockholders

Total Amount of Borrowings

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

June 30, 2017

2. SEC Identification Number

AS0948678

3. BIR Tax Identification No.

D80003978254NV

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

032-2326888

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 - P1.00 PAR VALUE | 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:

THE PHILIPPINE STOCK EXCHANGE

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes

No

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

Yes

No

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

Waterfront Philippines, Incorporated

**PSE Disclosure Form 17-2 - Quarterly Report References: SRC Rule 17
and
Sections 17.2 and 17.8 of the Revised Disclosure Rules**

| | | |
|---|---------------------|--------------------------------------|
| For the period ended | June 30, 2017 | |
| Currency (indicate units, if applicable) | PESO | |
| Balance Sheet | | |
| | Period Ended | Calendar Year Ended (Audited) |
| | June 30, 2017 | Dec 31, 2016 |
| Current Assets | 2,432,348,089 | 2,096,232,446 |
| Total Assets | 9,354,573,142 | 9,107,344,314 |
| Current Liabilities | 1,785,235,842 | 1,828,565,697 |

| | | |
|--------------------------------------|---------------|---------------|
| Total Liabilities | 3,248,094,565 | 3,272,977,322 |
| Retained Earnings/(Deficit) | (504,442,375) | (760,985,667) |
| Stockholders' Equity | 6,106,478,577 | 5,834,366,992 |
| Stockholders' Equity - Parent | 5,196,890,224 | 4,940,346,932 |
| Book Value per Share | 2.08 | 1.98 |

Income Statement

| | Current Year (3 Months) | Previous Year (3 Months) | Current Year-To-Date | Previous Year-To-Date |
|--|------------------------------------|-------------------------------------|-----------------------------|------------------------------|
| Operating Revenue | 445,561,196 | 515,103,623 | 994,086,508 | 1,042,871,429 |
| Other Revenue | 7,456,002 | 13,637,214 | 15,216,330 | 20,267,116 |
| Gross Revenue | 445,561,196 | 515,103,623 | 994,086,508 | 1,042,871,429 |
| Operating Expense | 296,700,661 | 312,617,627 | 623,154,951 | 640,724,559 |
| Other Expense | 56,032,301 | 84,409,133 | 129,604,595 | 168,929,634 |
| Gross Expense | 296,700,661 | 312,617,627 | 623,154,951 | 640,724,559 |
| Net Income/(Loss) Before Tax | 100,284,235 | 131,714,077 | 256,543,292 | 253,484,352 |
| Income Tax Expense | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Income/(Loss) After Tax | 100,284,235 | 131,714,077 | 256,543,292 | 253,484,352 |
| Net Income Attributable to Parent Equity Holder | 97,787,177 | 121,038,046 | 238,450,871 | 232,964,841 |
| Earnings/(Loss) Per Share (Basic) | 0.039 | 0.048 | 0.095 | 0.093 |
| Earnings/(Loss) Per Share (Diluted) | 0.039 | 0.048 | 0.095 | 0.093 |

| | Current Year (Trailing 12 months) | Previous Year (Trailing 12 months) |
|--|--|---|
| Earnings/(Loss) Per Share (Basic) | 0.129 | 0.115 |
| Earnings/(Loss) Per Share (Diluted) | 0.129 | 0.115 |

Other Relevant Information

--

Financial Ratios

| | Formula | Current Year June 30, 2017 | Previous Year June 30, 2016 |
|--|--|-------------------------------|--------------------------------|
| Liquidity Analysis Ratios: | | | |
| Current Ratio or Working Capital Ratio | Current Assets / Current Liabilities | 1.36 | 1.00 |
| Quick Ratio | (Current Assets - Inventory - Prepayments) / Current Liabilities | 1.30 | 0.99 |
| Solvency Ratio | Total Assets / Total Liabilities | 2.88 | 2.49 |
| Financial Leverage Ratios | | | |
| Debt Ratio | Total Debt / Total Assets | 0.35 | 0.40 |
| Debt-to-Equity Ratio | Total Debt / Total Stockholders' Equity | 0.53 | 0.67 |
| Interest Coverage | Earnings Before Interest and Taxes (EBIT) / Interest Charges | 7.55 | 7.06 |
| Asset to Equity Ratio | Total Assets / Total Stockholders' Equity | 1.53 | 1.67 |
| Profitability Ratios | | | |
| Gross Profit Margin | Sales - Cost of Goods Sold or Cost of service / Sales | 0.38 | 0.40 |
| Net Profit Margin | Net Profit / Sales | 0.25 | 0.24 |
| Return on Assets | Net Income / Total Assets | 0.03 | 0.03 |
| Return on Equity | Net Income / Total Stockholders' Equity | 0.04 | 0.05 |
| Price / Earnings Ratio | Price Per Share / Earnings Per Common Share | 0.095 | 0.093 |

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

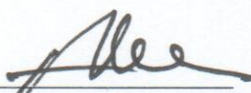
NONE

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



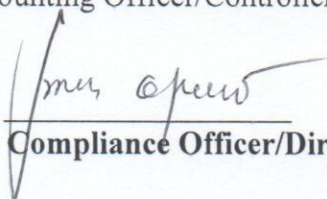
Corporate Secretary

Date

08/10/2017

Principal Financial/Accounting Officer/Controller Precilla O. Toriano

Signature and Title



Compliance Officer/Director for Finance

Date

08/10/2017

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2017

Annex A
Page 1 of 5

| | Unaudited | Unaudited | Audited |
|--|----------------------|----------------------|----------------------|
| | June 30, 2017 | June 30, 2016 | December 31, 2016 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 449,126,088 | 148,663,632 | 204,295,153 |
| Receivables - net | 254,794,368 | 777,296,980 | 235,447,147 |
| Inventories | 27,764,819 | 27,465,540 | 28,187,104 |
| Due from related parties - current portion | 1,614,831,281 | 1,343,122,420 | 1,537,900,077 |
| Prepaid expenses and other current assets | 85,831,533 | 10,393,479 | 90,402,965 |
| Total Current Assets | 2,432,348,089 | 2,306,942,051 | 2,096,232,446 |
| Noncurrent Assets | | | |
| Receivables from Acesite Limited (BVI) | - | - | - |
| Due from related parties - noncurrent portion | 373,253,414 | 332,797,180 | 340,197,163 |
| Goodwill | - | - | - |
| Property and equipment - net | 6,483,358,593 | 5,804,095,635 | 6,585,028,850 |
| Available-for-sale (AFS) investments | 16,821,740 | 18,209,100 | 16,821,740 |
| Deferred tax assets | 27,533,720 | 19,533,869 | 41,086,003 |
| Other noncurrent assets | 21,257,586 | 66,984,451 | 27,978,112 |
| Total Noncurrent Assets | 6,922,225,053 | 6,241,620,235 | 7,011,111,868 |
| | 9,354,573,142 | 8,548,562,286 | 9,107,344,314 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Accounts payable and accrued expenses | 1,293,729,020 | 1,360,160,085 | 1,358,365,891 |
| Loans payable - current portion | 375,000,000 | 375,000,000 | 375,000,000 |
| Income tax payable | - | - | 69,555,622 |
| Contract payable | - | - | - |
| Provisions | 4,468,009 | 72,924,406 | - |
| Other current liabilities | 112,038,813 | 493,842,208 | 25,644,184 |
| Total Current Liabilities | 1,785,235,842 | 2,301,926,699 | 1,828,565,697 |
| Noncurrent Liabilities | | | |
| Loans payable - noncurrent portion | - | - | - |
| Deferred tax liabilities | 1,321,126,904 | 1,005,546,556 | 1,339,315,801 |
| Retirement benefits liability | 90,558,386 | 119,171,438 | 98,517,865 |
| Other noncurrent liabilities | 51,173,433 | 7,759,560 | 6,577,959 |
| Total Noncurrent Liabilities | 1,462,858,723 | 1,132,477,554 | 1,444,411,625 |
| Total Liabilities | 3,248,094,565 | 3,434,404,253 | 3,272,977,322 |
| 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 surplus in property and equipment | 2,349,524,496 | 1,841,118,443 | 2,349,524,496 |
| Foreign currency translation adjustment | 41,686,179 | 32,442,969 | 41,686,179 |
| Fair value reserve | 2,683,245 | 3,456,005 | 2,683,245 |
| Retirement benefits reserve | 102,082,569 | 101,280,259 | 102,082,569 |
| Deficit: | | | |
| Appropriated | - | - | - |
| Unappropriated | (504,442,375) | (864,496,065) | (760,985,667) |
| Total Equity Attributable to Equity Holders of the Parent Company | 5,196,890,224 | 4,319,157,721 | 4,940,346,932 |
| Non-controlling Interest | 909,588,353 | 795,000,312 | 894,020,060 |
| | 9,354,573,142 | 8,548,562,286 | 9,107,344,314 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME-UNADITED
For the Quarter Ended June 30, 2017

Annex A
Page 2 of 5

| | CONSOLIDATED | | |
|---|-----------------|-----------------|-------------------|
| | Unaudited | Unaudited | Audited |
| | April-June 2017 | April-June 2016 | December 31, 2016 |
| REVENUES | | | |
| Hotel | 444,248,828 | 506,238,890 | 2,062,860,765.00 |
| Nonhotel | 1,312,368 | 8,864,733 | |
| Interest and other income | 7,456,002 | 13,637,214 | 72,484,476.00 |
| | 453,017,198 | 528,740,837 | 2,135,345,241 |
| COSTS AND EXPENSES | | | |
| Hotel | 291,559,277 | 303,559,341 | 1,009,481,330 |
| Nonhotel | 5,141,385 | 9,058,286 | 352,897,807 |
| | 296,700,661 | 312,617,627 | 1,362,379,137 |
| INCOME BEFORE FIXED, FINANCIAL AND OTHER CHARGES | | | |
| | 156,316,537 | 216,123,210 | 772,966,104 |
| FIXED, FINANCIAL AND OTHER CHARGES | | | |
| Depreciation and amortization | 48,141,268 | 66,073,231 | 255,392,265 |
| Interest expense | 7,882,893 | 15,040,576 | 80,144,299 |
| Penalties and other charges | - | - | |
| Provision for impairment losses on receivables | - | - | 3,442,842 |
| Loss on sale on Acesite shares | - | - | |
| Interest income | - | - | (39,859,178) |
| Foreign exchange losses (gains) - net | 8,141 | 3,295,326 | 12,007,679 |
| Others - net | - | - | (9,550,150) |
| | 56,032,301 | 84,409,133 | 301,577,757 |
| INCOME (LOSS) BEFORE INCOME TAX | | | |
| | 100,284,235 | 131,714,077 | 471,388,347 |
| INCOME TAX EXPENSE (BENEFIT) | | | |
| | - | - | 152,503,361 |
| NET INCOME (LOSS) BEFORE SHARE OF MINORITY INTEREST | | | |
| | 100,284,235 | 131,714,077 | 318,884,986 |
| Share of Monority Interest | 2,497,058 | 10,676,031 | 31,492,489 |
| NET INCOME (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | | | |
| | 97,787,177 | 121,038,046 | 287,392,497 |
| OTHER COMPREHENSIVE INCOME | | | |
| Appraisal on increase on property and equipment | - | - | 913,101,845 |
| Foreign currency translation differences for foreign operations | - | - | 9,243,210 |
| Actuarial gains on defined benefit plan | - | - | 8,322,675 |
| Net change in fair value of AFS financial assets | - | - | (1,387,360) |
| Reduction of deferred tax liability relating to revaluation surplus | - | - | |
| Deferred tax effect | - | - | (276,427,356) |
| | - | - | 652,853,014 |
| TOTAL COMPREHENSIVE INCOME (LOSS) | | | |
| | 100,284,235 | 131,714,077 | 971,738,000 |
| EARNINGS PER SHARE - Basic and Diluted | | | |
| | 0.039 | 0.048 | 0.115 |

*There are no dilutive potential shares as of June 30, 2017 and 2016.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
As of June 30, 2017

Annex A
Page 3 of 5

| | Unaudited | Unaudited | Audited |
|---|----------------------|----------------------|----------------------|
| | June 30, 2017 | June 30, 2016 | December 31, 2016 |
| REVENUES | | | |
| Hotel | 987,175,989 | 1,031,098,811 | 2,062,860,765 |
| Nonhotel | 6,910,519 | 11,772,618 | |
| Interest and other income | 15,216,330 | 20,267,116 | 72,484,476 |
| | 1,009,302,838 | 1,063,138,545 | 2,135,345,241 |
| COSTS AND EXPENSES | | | |
| Cost of sales | | | |
| Hotel | 608,484,561 | 626,513,273 | 1,009,481,330 |
| Nonhotel | 14,670,390 | 14,211,286 | 352,897,807 |
| | 623,154,951 | 640,724,559 | 1,362,379,137 |
| | 386,147,887 | 422,413,986 | 772,966,104 |
| OTHER EXPENSES (INCOME) | | | |
| Depreciation and amortization | 99,604,595 | 135,241,355 | 255,392,265 |
| Interest expense | 30,000,000 | 31,466,473 | 80,144,299 |
| Penalties and other charges | - | - | |
| Provision for impairment losses on receivables | - | - | 3,442,842 |
| Loss on sale on Acesite shares | - | | |
| Interest income | - | - | (39,859,178) |
| Foreign exchange losses (gains) - net | - | 2,193,806 | 12,007,679 |
| Others - net | - | 28,000 | (9,550,150) |
| | 129,604,595 | 168,929,634 | 301,577,757 |
| INCOME(LOSS) BEFORE INCOME TAX | 256,543,292 | 253,484,352 | 471,388,347 |
| INCOME TAX EXPENSE (BENEFIT) | - | - | 152,503,361 |
| NET INCOME (LOSS) BEFORE SHARE OF MINORITY INTEREST | 256,543,292 | 253,484,352 | 318,884,986 |
| Share of Minority Interest | 18,092,421 | 20,519,511 | 31,492,489 |
| NET INCOME (LOSS) ATTRIBUTABLE TO THE EQUITY HOLDERS | | | |
| OF THE PARENT COMPANY | 238,450,871 | 232,964,841 | 287,392,497 |
| OTHER COMPREHENSIVE INCOME | | | |
| Appraisal on increase on property and equipment | - | - | 913,101,845 |
| Foreign currency translation differences for foreign operations | - | - | 9,243,210 |
| Actuarial gains on defined benefit plan | - | - | 8,322,675 |
| Net change in fair value of AFS financial assets | - | - | (1,387,360) |
| Reduction of deferred tax liability relating to revaluation surplus | - | - | |
| Deferred tax effect | - | | (276,427,356) |
| | - | - | 652,853,014 |
| TOTAL COMPREHENSIVE INCOME (LOSS) | 256,543,292 | 253,484,352 | 971,738,000 |

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As of June 30, 2017

Annex A
Page 4 of 5

| | Unaudited June 30, 2017 | Unaudited June 30, 2016 | Audited December 31, 2016 |
|---|----------------------------|----------------------------|------------------------------|
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | | | |
| Capital stock - P1 par value per share | 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 at beginning of year | 2,349,524,496 | 1,841,118,443 | 1,841,118,443 |
| Effects of changes in tax rates | | | |
| Other comprehensive income - net of income tax effect | - | | 557,282,121 |
| Derecognition of land held under finance lease due to acquisition of a subsidiary | | | - |
| Transfer of revaluation surplus absorbed through depreciation for the year - net of income tax effect | - | | (48,876,068) |
| Balance at end of year | 2,349,524,496 | 1,841,118,443 | 2,349,524,496 |
| Unrealized Valuation Gain (Loss) on AFS Investments | | | |
| Balance at beginning of year | - | - | - |
| Valuation loss taken into equity during the year | - | - | - |
| Change in equity ownership of non-controlling interest in a subsidiary | - | - | - |
| Balance at end of year | - | - | - |
| Foreign Currency Translation Adjustment | | | |
| Balance at beginning of year | 41,686,179 | 32,442,969 | 32,442,969 |
| Translation adjustment during the year | - | - | 9,243,210 |
| Balance at end of year | 41,686,179 | 32,442,969 | 41,686,179 |
| Deficit | | | |
| Appropriation for renovation and business expansion | - | | - |
| Unappropriated | | | |
| Balance at beginning of year | (760,985,667) | (1,097,460,906) | (1,097,460,906) |
| Transfer of revaluation surplus absorbed through depreciation for the year - net of income tax effect | - | - | 48,876,068 |
| Change in retirement benefits reserve | - | - | 206,674 |
| Net income (loss) for the year | 256,543,292 | 232,964,841 | 287,392,497 |
| Balance at end of year | (504,442,375) | (864,496,065) | (760,985,667) |
| Total deficit | (504,442,375) | (864,496,065) | (760,985,667) |
| | 5,092,124,410 | 4,214,421,457 | 4,835,581,118 |
| Fair value reserve, beginning of the year | 2,683,245 | 3,456,005 | 3,456,005 |
| Other comprehensive income-net tax effect | - | - | (772,760) |
| Total fair value reserve | 2,683,245 | 3,456,005 | 2,683,245 |
| Retirement benefits reserve, beginning of the year | 102,082,569 | 101,280,259 | 101,280,259 |
| Other comprehensive income-net tax effect | - | - | 802,310 |
| Total retirement benefits reserve | 102,082,569 | 101,280,259 | 102,082,569 |
| Total Equity Attributable to Equity Holders of the Parent Company | 5,196,890,224 | 4,319,157,721 | 4,940,346,932 |

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
As of June 30, 2017

Annex A
Page 5 of 5

| | Unaudited June 30, 2017 | Unaudited June 30, 2016 | Audited December 31, 2016 |
|---|--------------------------------|----------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income before income tax | 256,543,293 | 253,484,352 | 471,388,347 |
| Adjustments for: | | | |
| Depreciation and amortization | 99,604,595 | 135,241,355 | 255,392,265 |
| Interest expense | 30,000,000 | 31,466,473 | 80,144,299 |
| Loss on sale on acesite shares | - | - | - |
| Retirement benefit costs | (7,959,479) | 1,735,929 | 20,814,752 |
| Provisions | (4,468,009) | (72,924,406) | - |
| Unrealized foreign exchange loss (gain) | - | 2,193,806 | 9,243,210 |
| Penalties and other charges | - | - | - |
| Loss(gain) on disposal of property and equipment | - | - | (947,110) |
| Impairment losses | - | - | 3,442,842 |
| Interest income | (13,212,615) | (20,267,116) | (39,859,178) |
| Operating income before working capital changes | 360,507,784 | 330,930,393 | 799,619,427 |
| Decrease (increase) in: | | | |
| Receivables | (19,347,221) | (563,595,028) | (25,188,037) |
| Inventories | 422,285 | 1,832,641 | 1,111,077 |
| Prepaid expenses and other current assets | 4,571,432 | 66,588,727 | (13,420,759) |
| Increase (decrease) in: | | | |
| Accounts payable and accrued expenses | 64,636,871 | 10,226,643 | (14,410,832) |
| Other current liabilities | (86,394,629) | 42,838,463 | (523,576,556) |
| Cash generated from operations | 324,396,522 | (111,178,161) | 224,134,320 |
| Interest received | 13,212,615 | 20,267,116 | 505,729 |
| Income taxes paid | (69,555,622) | (38,062,223) | (85,130,822) |
| Retirement plan contributions paid | - | - | (21,050,000) |
| Benefits paid | - | - | (9,606,808) |
| Interest paid | (30,000,000) | (31,466,473) | (63,195,329) |
| Net cash provided by operating activities | 238,053,515 | (160,439,741) | 45,657,090 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisitions of property and equipment | 2,065,662 | (13,704,962) | (9,668,747) |
| Investment in a subsidiary | - | - | - |
| Due from related parties | (109,987,455) | 267,088,374 | 99,298,558 |
| Proceeds from sale of an equity interest in subsidiary | - | - | - |
| Proceeds from sale of property and equipment | - | - | 8,928,615 |
| Increase in other noncurrent assets | 88,292,635 | 78,215,415 | 12,710,611 |
| Net cash used in investing activities | (19,629,158) | 331,598,827 | 111,269,037 |
| <i>Forward</i> | | | |
| | Years Ended December 31 | | |
| | June 30, 2017 | June 30, 2016 | December 31, 2016 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (Increase)Decrease in loans payable | - | 121,030,050 | (121,030,050) |
| (Increase) Decrease in due from related parties | - | - | - |
| Increase (decrease) in other noncurrent liabilities | 26,406,577 | (316,693,724) | (4,769,144) |
| Payment of obligation under finance lease | - | - | - |
| Net cash provided by (used in) financing activities | 26,406,577 | (195,663,674) | (125,799,194) |
| INCREASE (DECREASE) IN TRANSLATION ADJUSTMENT FOR THE YEAR | | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 244,830,935 | (24,504,588) | 31,126,933 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 204,295,153 | 173,168,220 | 173,168,220 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 449,126,088 | 148,663,632 | 204,295,153 |

See Notes to the Consolidated Financial Statements.

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. The Parent Company is 46%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines, which is listed in the Philippine Stock Exchange (PSE). The Parent Company 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 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) | 56 | - |
| Grand Ilocandia Resort and Development, Inc. (GIRDI) | 54 | - |
| Real Estate | | |
| CIMA Realty Phil., Inc. (CIMAR) | - | 56* |
| 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 | - |

Hotels

Waterfront Cebu City Casino Hotel, Inc.

WCCCHI was incorporated on September 23, 1994 to manage and undertake operations of Waterfront Cebu City Hotel and Casino (WCCHC). WCCCHI achieved a milestone during the year by opening the doors of WCCHC on January 5, 1998, with 158 guest-rooms which has already grown to 561 by the last quarter of 1999, six-storey convention center known as the Waterfront Convention Center, previously known as Cebu International Convention Center and six-storey Entertainment Block. Located in this Entertainment Block is a 1,000-square meter 5-star restaurant, which completes

the Company's restaurants row. On February 5, 1998, PAGCOR commenced operations at the new purposely-built casino at the Entertainment Block.

- Waterfront Convention Center-(WCC)

Waterfront Convention Center previously known as Cebu International Convention Center is a six-storey building, especially-designed to adapt to any event size and purpose, with a total gross area of 40,587 square meters, and has been in operation since January 5, 1998. Major amenities of the center include ten (11) function rooms and two (2) Grand Ballrooms with a seating capacity of 4,000. WCC is the only convention and exhibition center of international standard in Cebu City.

- Entertainment Block

The Entertainment block is a six-storey building with a total gross area of 34,938 square meters. It is comprised of eleven (9) Food and Beverage entertainment outlets, an 11,000 square meters of public and international gaming area that includes the "Casino Filipino", and 62 hotel rooms and suites

- Hotel Tower Block

The Hotel Tower block is a 22-storey building with a total gross area of 44,334 square meters. It consists of a podium, containing the lobby, a food and beverage outlet, a reception, a shopping arcade, three (3) press function rooms, and a high rise block of 498 hotel rooms and suites.

The Hotel, with its fairytale-inspired façade, is conveniently located in the center of Cebu City and is within easy reach from key business, commercial and shopping districts and is just 30 minutes away from the Mactan International Airport.

Waterfront Cebu City Hotel & Casino has 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 City Hotel and Casino operates 9 F&B outlets, including a hotel coffees shop, 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 newly renovated lobby was inspired 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.

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.

Waterfront Mactan was incorporated on September 23, 1994 to manage and undertake operations of Waterfront Mactan Island Hotel and Casino (WMIHC). WMCHI has completed Phase I of Waterfront Mactan Island Hotel and Casino (WMIHC). It is located right across Mactan-Cebu International Airport, on a land area of approximately 3.2 hectares. The hotel features 164 rooms and suites, 6 food-and-beverage and entertainment outlets, with a total built-up area of 38,000 square meters. Equipped with one of the largest casinos in the Philippines, WMIHC has made Cebu the only city in Southeast Asia that offers casino facilities to transients while waiting for their flights. For future development is Phase II, consisting of 200-guest rooms, which will be built depending on the demands of the market. It has recently improved its rooms by installing fax machines and Internet connections to cater to the needs of its guests. Additionally, the company has acquired the newest hospitality software in the industry, the OPERA Property Management System, which is designed to help run the hotel operations at a greater level of productivity and profitability. This was installed last January 14, 2003.

The hotel is conveniently located in front of the Mactan International and Domestic Airport, just a three-minute drive to the Industrial Zone, a fifteen-minute drive to the beaches of Mactan Island and just thirty minutes away from Cebu City's shopping and financial district.

This year 2016, the property extended the Annex parking to provide more slots for the guests and this year also marks the 20th anniversary of Waterfront Mactan Casino Hotel, Inc.

Davao Insular Hotel Company, Inc. or Waterfront Insular Hotel Davao, Inc.

Davao Insular Hotel Company Inc. was incorporated in the Philippines on July 3, 1959 to engage in the operation of hotel and related hotel businesses. The hotel is a 98% owned subsidiary of Waterfront Philippines, Incorporated and is operating under its trading name Waterfront Insular Hotel Davao. Waterfront Insular Hotel, the prestigious business hotel in a sprawling garden resort setting, is only five to ten minutes to the downtown area. Nestled along the picturesque Davao Gulf, its open air corridors provide a refreshing view of the hotel's beautifully landscaped tropical garden and the sea.

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 159 guest rooms and suites, 5 function rooms and 6 F&B outlets. Every room opens to a lanai overlooking a lush garden the blue waters of the Davao Gulf or a scenic coconut grove. Features included in the newly re-opened hotel are the 5 Gazebos located along the beach area. 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.

On 2015, the property re-opens its gym with 48 square meters to continuously serve its guests and to ensure guests satisfaction.

Acesite (Phils.) Hotel Corporation

The principal property of the Company is a 22-storey building known as the Manila Pavilion Hotel located at the corner of United Nations Avenue and Maria Y. Orosa Street in Ermita, Manila. The Hotel has 337 guestrooms and suites that have individually controlled central air conditioning, private bathroom with bathtub and shower, multi-channel radio, color TV with cable channels and telecommunications facilities. It has 3 function rooms and one of this is Alcuaz which can accommodate 250-300 guests. The hotel has approximately 2,200 sq. meters of meeting/banquet/conference facilities, and also houses several restaurants, such as Seasons Café (coffee shop), the Rotisserie (grill room), the Peony Garden (Chinese restaurant), the Boulvar (bar & lounge) and the Patisserie (bakeshop and deli items). Other guest services and facilities include a chapel, swimming pool, gym, business center and a valet-service basement car park. Concessionaires and tenants include beauty salon, foot spa, photography services, transportation services, travel agency, flower shop and boutiques. In addition, Casino Filipino - Pavilion, owned and operated by PAGCOR, occupies part of the first, second, third, fourth and fifth floors (a total of 12,696.17 sq. m.) of the building.

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 sign, sell, transfer and convey all existing shares of stocks of CIMAR to the Company.

Year 2015, Alcuaz function that can accommodate 250-300 guests was renovated and 111 rooms under superior room category were opened.

Waterfront Hotel Management Corporation (previously Waterfront Management Corp.)

G-Hotel by Waterfront located in 2090 Roxas Boulevard, Malate Manila on November of 2006 is being managed by Waterfront Management Corporation. It is a seven-story building with 10 deluxe suites, 20 deluxe king and 20 deluxe twin rooms which offers a personalized butler service. A boutique hotel boasting with its trendy Café Noir, pool bar Mirage and an elegant ballroom, Promenade, added to the list of must-go places in the busy district of Manila. The black and white concept of its lobby is distinctly G-Hotel.

On October 01, 2014, the BOD approved the cessation of the Company's business operations. Consequently, the Company's activities were confined mainly to the collection of receivables, settlement of liabilities, and other administrative matters, while maintaining its status as non-operating entity seeking for other business opportunities.

Mayo Bonanza, Inc.

Mayo Bonanza, Incorporated (MBI), a 100% owned subsidiary of WPI was incorporated on November 24, 1995 in the Philippines with principal activities in the operation and management of amusement, entertainment, and recreation businesses. MBI is to extend the gaming business of the Company. Its primary purpose is to establish, operate, and manage the business of amusement entertainment, and recreation facilities for the use of the paying public. The Company entered into an agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) whereby the latter shall operate the former's slot machine outside of casinos in line with PAGCOR's slot machine arcade project.

On May 30, 2016, BOD approved the cessation of the Company's business operations effective July 01, 2016.

Waterfront Entertainment Corporation

WPI has 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. 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.

Waterfront Food Concepts, Inc.

Waterfront Food Concepts, Inc. is a pastry business, catering to pastry requirements of Waterfront Cebu, Waterfront Mactan and other established coffee shops and food service channels outside the hotels. The property is located in the lobby level of Waterfront Cebu City Casino Hotel. It has started its operation on May of 2006. Its pastry products include cakes, cookies and sandwiches. The subsidiary has already catered most of the renowned coffee shops in the city of Cebu.

Waterfront Wellness Group, Inc.

This new subsidiary is located in the Ground Level of Waterfront Cebu City Casino Hotel occupying 617.53 square meters. WCitigyms and Wellness, Inc. is a fully equipped gym with specialized trainers and state of the art equipments. The gym offers variety of services from aerobic instructions to belly dancing, boxing, yoga classes and a lot more. It also has its own nutritionist/dietician. Its highly trained therapists perform massage and spa services to guests within the hotel.

Citigym entices the public in 2015 by opening the newly renovated room-The Citigym Hit Zone. This is Citigym's "Do It Right" and smart solution to Cebu's growing interest in high intensity workout routines.

Grand Ilocandia Resort and Development, Inc.

As of March 31, 2000, the Company carried its investments in GIRDI at cost since it intended to dispose such investment in the near future. In November 2000, GIRDI sold all of its property and equipment, inclusive of the hotel facilities and related operating assets and the investment in marketable securities.

Waterfront Promotions Limited/Club Waterfront International Limited

Waterfront Promotion Ltd. was incorporated on March 6, 1995, under and by virtue of the laws of Cayman Islands to act as the marketing arm for the international marketing and promotion of hotels and casinos under the trade name of Club Waterfront International Limited (CWIL). It is a wholly owned subsidiary of Waterfront Philippines, Inc., a domestic company. Under the agreement with PAGCOR, WPL has been granted the privilege to bring in foreign players under the program in Waterfront Cebu City Hotel and Grand Ilocandia Resort Development Corp. On the other hand, CWIL is allowed to bring in foreign players in Waterfront Mactan Hotel. In connection to this, the company markets and organizes groups of foreign players as participants to the Philippine Amusement and Gaming Corporation's (PAGCOR) Foreign Highroller Marketing Program. The company also entered into agreements with various junket operators to market the casinos for foreign customers. Under these agreements, the company grants incentive programs to junket operators such as free hotel expenses, free airfares and rolling commissions.

The company participated in a joint venture with Jin Lin Management Corporation, its sole marketing agent and co-venturer on September 24, 2001. This joint venture was terminated on April 15, 2002.

The operations for Waterfront Promotions Limited, and likewise for Club Waterfront International Limited had ceased for the year 2003 in March due to the bleak market.

Basis 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 NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI 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 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 revenue is recognized:

Rooms

Room revenue is recognized based on actual occupancy.

Food and Beverage

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

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 Revenues

Other revenues are recognized upon execution of service or when earned.

Interest Income

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

1. Cash and Cash Equivalents

Cash in banks earn interest at the respective bank deposit rates. Short-term placements earn interest at annual average of 0.13% to 2.88% in 2017 and 2016 and have average maturities ranging from 30 to 35 days for both years.

2. Receivables

This account consists:

| | June 2017 | June 2016 |
|--------------------------------------|--------------------|--------------------|
| Trade | 101,163,107 | 250,436,647 |
| Others | 173,655,600 | 546,884,673 |
| | 274,818,708 | 797,321,320 |
| Less allowance for doubtful accounts | -20,024,340 | -20,024,340 |
| Total | 254,794,368 | 777,296,980 |

3. Inventories

This account consists of:

| | June 2017 | June 2016 |
|--------------------|-------------------|-------------------|
| Food and Beverage | 15,973,236 | 17,324,172 |
| Operating Supplies | 10,602,084 | 9,226,211 |
| Others | 1,189,499 | 915,157 |
| Total | 27,764,819 | 27,465,540 |

4. Related Party Transactions

In 2017, the Parent Company extended interest-bearing, collateral free advances to TWGI, PRC and Crisanta Realty at a rate of two percent (2%) per annum. This also includes PHES which is due and demandable.

5. Accounts Payable and Accrued Expenses

This account consists of:

| | June 2017 | June 2016 |
|------------------|----------------------|----------------------|
| Trade | 242,826,133 | 260,796,759 |
| Accrued Expenses | 610,554,923 | 501,472,759 |
| Others | 440,347,963 | 597,890,567 |
| Total | 1,293,729,020 | 1,360,160,085 |

6. Loans Payable

This account consists of:

SSS Loan

SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 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 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, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 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 P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 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.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

In the absence of a formal restructuring agreement, the entire outstanding loan balance amounted to P375.00 million based on principal amount plus accrued interest and penalties amounted to P806.31 million and P746.44 million as at December 31, 2015 and 2014, respectively, presented as part of "Accrued interest and penalties" account under "Accounts payable and accrued expenses" (see Note 11).

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS appealed with the CA assailing the RTC of Quezon City decision in favor of the Parent Company, et al. SSS filed its Appellant's Brief and the Parent Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Parent Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Parent Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Parent Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Parent Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

As at the report date, both parties have not yet appeared before the PMCU-CA for the settlement of the dispute.

ICBC Loan

The Company had committed an event of default with respect to the payment of its US\$15 million loan with the ICBC – Singapore Branch, which matured on 31 March 1998. On 03 June 2003, the loan was restructured by ICBC which stipulated six semi-annual installments payment of principal and interest until April 2006. In July 2004, the new management of the Company requested for a reprieve on loan principal payments due for the period, which the Company suggested to be placed at the end of the term of the Amended Agreement.

On March 31, 2016, the Company fully settled its loan obligation.

PBB

On June 10, 2011 and December 19, 2011, WCCCHI and WMCHI, respectively entered into a loan agreement with PBB amounting to Php300 million each with interest fixed at 12% per annum.

As of April 29, 2016, the Company has no more loan obligations with PBB.

7. The earnings (loss) per share is computed as follows:

| | June 2017 | June 2016 |
|---|---------------|---------------|
| Net Income (Loss) | 238,450,871 | 232,964,841 |
| Weighted Average Number of Shares Outstanding | 2,498,991,753 | 2,498,991,753 |
| Earnings (Loss) per share | 0.095 | 0.093 |

There are no dilutive potential shares as of March 31, 2017 and 2016.

8. Lease Agreement with Philippine Amusement and Gaming Corporation (“PAGCOR”)

The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was last renewed on March 21, 2011. Both leases expired on August 2, 2016. APHC also has a lease agreement with PAGCOR covering 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 Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2016.

The amortized cost of the refundable security deposits received by WCCCHI, WMCHI and APHC upon execution of the above lease contracts were determined by calculating the present value of the cash flows anticipated until the end of the lease term using the respective interest rates. The change in the present value and the amortization of the discount is recognized as part of “Interest expense” account in profit or loss and amounted to P19.01 million, P20.31 million and P19.13 million in 2016, 2015 and 2014, respectively. As the deposits do not have an active market, the underlying interest rates were determined by reference to market interest rates of comparable financial instruments.

As at December 31, 2016, the management of the Group is still negotiating with PAGCOR for the renewal of the leases. Currently, PAGCOR pays WCCCHI, WMCHI, and APHC rental of P24.05 million, P11 million, and P28.59 million, respectively, on a month-to-month basis.

9. Other Lease Agreements**Group as Lessor****Lease Agreements with Concessionaires**

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

Rent revenue recognized as part of "Rent and related income" in the consolidated profit or loss and other comprehensive income amounted to P85.29 million, P135.63 million and P116.55 million in 2016, 2015 and 2014, respectively.

Group as Lessee

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 under 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.

10. 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 P3.30 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. The Parent Company 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. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at December 31, 2016, the Parent Company is still awaiting the SC's decision.

Management and its legal counsels believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

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.

**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, 2017 and 2016 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

| | June 2017 | June 2016 |
|---|----------------------|----------------------|
| Revenues | 1,009,302,838 | 1,063,138,545 |
| Less: Costs and Expenses | 623,154,951 | 640,724,559 |
| Net Income (Loss) Before Fixed Financial and Other Charges | 386,147,887 | 422,413,986 |
| Less: Fixed Financial and Other Charges (Dep'n and Amort'n, and Interest) | 129,604,595 | 168,929,634 |
| Income (Loss) before Income Tax | 256,543,292 | 253,484,352 |
| Income Tax Expense (Benefit) | 0.00 | 0.00 |
| Income (Loss) before Share in Minority Interest | 256,543,292 | 253,484,352 |
| Share of Minority Interest | 18,092,421 | 20,519,511 |
| Net Income (Loss) | 238,450,871 | 232,964,841 |
| Earnings (loss) Per share | 0.095 | 0.093 |

FINANCIAL CONDITION

| | June 2017 | June 2016 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | 2,432,348,089 | 2,306,942,051 |
| Non-current Assets | 6,922,225,053 | 6,241,620,235 |
| Total Assets | 9,354,573,142 | 8,548,562,286 |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities | 1,785,235,842 | 2,301,926,699 |
| Non-current Liabilities | 1,462,858,723 | 1,132,477,554 |
| Total Stockholders' Equity | 5,196,890,224 | 4,319,157,721 |
| Minority Interest | 909,588,353 | 795,000,312 |
| Total Liabilities and Stockholders' Equity | 9,354,573,142 | 8,548,562,286 |

RESULTS OF OPERATIONS

Period ended June 30, 2017 compared to Period Ended June 30, 2016

Income Statement

Hotels and other subsidiaries gross revenues for the 2nd quarter of 2017 and 2016 are Php 1.01 billion and Php 1.06 billion respectively, decreased 5% from last year. One major breakthrough that has stood out in 2017 is our ability to manage costs across our properties. This, at least in part, stems from the establishment of various cost control mechanisms that, over the years, have become effectively embedded in our operations. Consolidated costs and expenses for all properties decreased by 3%, from Php 640.72 million in 2016 to Php 623.15 million in 2017.

Seasonality or Cyclicalities 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 is full of Chinese nationalities and businessmen and celebrating their New Year would really be an advantage to the hotels in terms of revenues.

This 1st quarter, MICE market has been a particularly strong driving. Our ability to reach out to our existing client base to facilitate further business and enhance brand loyalty has been highly rewarding, with MICE-generated banquet and functions contributing significantly to overall growth in sales.

Everyday, we are fuelled by our desire to consistently do a better performance, taking into account our strengths and maximizing our opportunities.

2ND QUARTER

Waterfront is driven to improve its cost efficiency and we make sure to never sacrifice our quality of service. To guarantee consistent service excellence, we are committed to constantly developing our workforce. Our people are our heart and soul--the software complementing our vast hardware. They are the main drivers of our business, giving life to our infrastructure.

In addition, we also continue to grow both our offline and online distribution channels. Contacting Compass Edge to develop our China Market online and can gain more access to the Chinese market.

For the succeeding quarters, we look to deliver even greater value as part of our unwavering commitment to our shareholders and guests. We are contemplating a change that sparks our revenue potential, exploiting unexplored channels, expanding our revenue stream and safeguards our position through constant innovation.

TOP FIVE (5) PERFORMANCE INDICATORS

| | June 2017 | June 2016 |
|----------------------|-----------|-----------|
| Occupancy Percentage | 74% | 67% |
| Average Room Rates | 2,478 | 2,379 |
| Food Covers | 611,810 | 649,186 |
| Average Food Checks | 386 | 366 |
| Average Food Costs | 35% | 30% |
| | | |

Occupancy Percentage

The occupancy percentage is up by 7% as compared to 2nd quarter of 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 4% higher compared as compared from last year. 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 6% compared to the 2nd quarter of last year. 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 increased by 5% compared to the 2nd quarter of 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 costs is up by 5%. 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 5%, Php 1.01 billion for the 2nd quarter of 2017 and Php 1.06 billion of the same quarter last year while operating expenses decreased by 3%.

GOP boasts a positive increase of by 9% or Php 36.27 million as compared to last year at Php 422.41 million.

Earnings per share this quarter is at Php 0.095 while same quarter last year was at Php 0.093.

Fixed Financial and Other Charges

Total fixed financial and other charges total PHP 129.60 million, reflecting a significant cost reduction of 23% from the previous year's PHP 168.93 million.

This account includes the depreciation and interest expense from SSS Loan.

Interest expense this quarter is lower by 5% or Php 1.47 million.

FINANCIAL CONDITION**Cash and Cash Equivalent**

Cash and cash equivalents as of the 2nd quarter of this year is at Php 449.13 million higher by Php 300.46 million from last year or 202%.

Receivables

Receivables for the period had a notable decreased of 67% from Php 777.30 million 2nd quarter last

year to Php 254.79 million 2nd quarter this year.

Inventories

Inventory rate for this quarter is steady at Php 27.76 million.

Due from related parties-current portion

This account increased by 20% from last year's 2nd quarter. This represents interest bearing advances from TWGI, PRC and PHES which is due and demandable.

Crisanta Realty at a rate of two percent (2%) per annum is classified as non-current due in 5 years.

Property, Plant and Equipment

The account reflects an increase of 12% or Php 679.26 million from last year.

Accounts Payable and Accrued Expenses

This account was reduced to 5% or Php 66.43 million from last year, Php 1.36 billion.

Loans Payable

The account remains static at Php 375 million. This refers to loan with Social Security System.

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. There are no material commitments for capital expenditures, general purpose of

such commitments, expected sources of funds for such expenditures.

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 that did not arise from the issuer's continuing operations other than those already affecting profit or loss.

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has 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, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, due from related parties, AFS investment, accounts payable and accrued expenses (except for local taxes and output VAT, withholding taxes and deferred income), other current liabilities, loans payable, and other noncurrent liabilities. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Group's management reviews and approves policies for managing each of these risks.

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 cash in banks, receivables and advances to related parties. The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references.

The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

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 through related party advances and from bank loans, when necessary. - 31 -

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

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.

Since the Group's loan in U.S. dollar had been fully paid in March 2016, the Group is not anymore significantly exposed to changes in foreign currency exchange rates.

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 financial instrument that is exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375 million loan from SSS, as well as the stock rights offering of the Parent Company. The Parent Company is charging WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan

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 which are listed in the PSE totaling to 86,710,000 shares as at December 31, 2016 and 2015.

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, 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 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 investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2016 and 2015.

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 2016 and 2015.

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 2016 and 2015. For purposes of the Group's capital management,

capital includes all equity items that are presented in the consolidated statement of changes in equity. The Group is not subject to externally-imposed capital requirements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING
As of June 30, 2017

| Trade Receivables | 0-30 days | 31-60 days | 61-90 days | 91-120 days | 121 days over | Total |
|--|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| Waterfront Cebu City Casino Hotel Inc. | 25,433,230.66 | 7,392,308.10 | 2,002,850.16 | 2,169,569.51 | 9,831,238.49 | 46,829,196.92 |
| Waterfront Airport Hotel and Casino | 13,365,547.85 | 268,377.25 | 18,918.60 | 15,120.29 | 329,774.48 | 13,997,738.47 |
| Waterfront Insular Hotel Davao | 9,276,123.48 | 53,004.78 | 12,281.22 | 167,508.84 | 965,190.03 | 10,474,108.35 |
| Manila Pavilion Hotel | 5,783,201.36 | 1,122,094.56 | 333,587.14 | 78,956.93 | 12,112,237.25 | 19,430,077.24 |
| Total | 53,858,103.35 | 8,835,784.69 | 2,367,637.12 | 2,431,155.57 | 23,238,440.25 | 90,731,120.98 |

COVER SHEET

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

 SEC 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 | . |
|---|---|---|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

(Company's Full Name)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|---|---|---|---|---|
| N | O | . | 1 | | W | A | T | E | R | F | R | O | N | T | | D | R | I | V | E | | | | | | | |
| | | | | | O | F | F | | S | A | L | I | N | A | S | | D | R | I | V | E | | L | A | H | U | G |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

MS. IRISH CHARA LAWAS

Contact Person

(02) 559-0130

Company Telephone Number

1 2

Month

3 1

Day

SEC 17 - Q1

FORM TYPE

0 9

Month

2 4

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

457

Total No. of Stockholders

Total Amount of Borrowings

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

**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, 2017

2. SEC Identification Number

AS0948678

3. BIR Tax Identification No.

D80003978254NV

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

032-2326888

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 - P1.00 PAR VALUE | 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:

THE PHILIPPINE STOCK EXCHANGE

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes

No

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

Yes

No

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

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 period ended | March 31, 2017 | |
| Currency (indicate units, if applicable) | PESO | |
| Balance Sheet | | |
| | Period Ended | Calendar Year Ended (Audited) |
| | March 31, 2017 | Dec 31, 2016 |
| Current Assets | 2,352,743,505 | 2,096,232,446 |
| Total Assets | 9,154,660,936 | 9,107,344,314 |
| Current Liabilities | 1,701,097,894 | 1,828,565,697 |

| | | |
|--------------------------------------|---------------|---------------|
| Total Liabilities | 3,166,559,016 | 3,272,977,322 |
| Retained Earnings/(Deficit) | (620,321,974) | (760,985,667) |
| Stockholders' Equity | 5,988,101,920 | 5,834,366,992 |
| Stockholders' Equity - Parent | 5,081,010,625 | 4,940,346,932 |
| Book Value per Share | 2.03 | 1.98 |

| Income Statement | | | | |
|--|------------------------------------|-------------------------------------|-----------------------------|------------------------------|
| | Current Year (3 Months) | Previous Year (3 Months) | Current Year-To-Date | Previous Year-To-Date |
| Operating Revenue | 548,525,312 | 527,767,805 | 548,525,312 | 527,767,805 |
| Other Revenue | 7,760,328 | 6,629,902 | 7,760,328 | 6,629,902 |
| Gross Revenue | 556,285,640 | 534,397,707 | 556,285,640 | 534,397,707 |
| Operating Expense | 326,454,290 | 328,106,932 | 326,454,290 | 328,106,932 |
| Other Expense | 73,572,294 | 84,520,501 | 73,572,294 | 84,520,501 |
| Gross Expense | 400,026,584 | 412,627,433 | 400,026,584 | 412,627,433 |
| Net Income/(Loss) Before Tax | 156,259,056 | 121,770,274 | 156,259,056 | 121,770,274 |
| Income Tax Expense | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Income/(Loss) After Tax | 156,259,056 | 121,770,274 | 156,259,056 | 121,770,274 |
| Net Income Attributable to Parent Equity Holder | 140,663,693 | 111,926,794 | 140,663,693 | 111,926,794 |
| Earnings/(Loss) Per Share (Basic) | 0.056 | 0.045 | 0.056 | 0.045 |
| Earnings/(Loss) Per | 0.056 | 0.045 | 0.056 | 0.045 |

| | | | | |
|----------------------------|--|--|--|--|
| Share (Diluted) | | | | |
|----------------------------|--|--|--|--|

| |
|-----------------------------------|
| Other Relevant Information |
| -- |

Financial Ratios

| | Formula | Calendar Year Ended | Previous Calendar Year |
|--|--|---------------------|------------------------|
| | | March 31, 2017 | March 31, 2016 |
| Liquidity Analysis Ratios: | | | |
| Current Ratio or Working Capital Ratio | Current Assets / Current Liabilities | 1.38 | 0.96 |
| Quick Ratio | (Current Assets - Inventory - Prepayments) / Current Liabilities | 1.32 | 0.89 |
| Solvency Ratio | Total Assets / Total Liabilities | 2.89 | 2.47 |
| Financial Leverage Ratios | | | |
| Debt Ratio | Total Debt / Total Assets | 0.35 | 0.40 |
| Debt-to-Equity Ratio | Total Debt / Total Stockholders' Equity | 0.53 | 0.68 |
| Interest Coverage | Earnings Before Interest and Taxes (EBIT) / Interest Charges | 6.07 | 6.41 |
| Asset to Equity Ratio | Total Assets / Total Stockholders' Equity | 1.53 | 1.68 |
| Profitability Ratios | | | |
| Gross Profit Margin | Sales - Cost of Goods Sold or Cost of service / Sales | 0.41 | 0.39 |
| Net Profit Margin | Net Profit / Sales | 0.28 | 0.23 |
| Return on Assets | Net Income / Total Assets | 0.02 | 0.01 |
| Return on Equity | Net Income / Total Stockholders' Equity | 0.03 | 0.02 |
| Price / Earnings Ratio | Price Per Share / Earnings Per Common Share | 0.056 | 0.045 |

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

05/12/2017

Principal Financial/Accounting Officer/Controller Precilla O. Toriano

Signature and Title


Compliance Officer/Corporate Finance Director

Date

05/12/2017

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31, 2017

Annex A
Page 1 of 4

| | Unaudited | Unaudited | Audited |
|--|----------------------|----------------------|----------------------|
| | March 31, 2017 | March 31, 2016 | December 31, 2016 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 389,470,968 | 209,133,077 | 204,295,153 |
| Receivables - net | 300,537,689 | 281,959,207 | 235,447,147 |
| Inventories | 27,374,029 | 27,250,809 | 28,187,104 |
| Due from related parties - current portion | 1,557,170,284 | 1,329,485,206 | 1,537,900,077 |
| Prepaid expenses and other current assets | 78,190,535 | 105,822,282 | 90,402,965 |
| Total Current Assets | 2,352,743,505 | 1,953,650,581 | 2,096,232,446 |
| Noncurrent Assets | | | |
| Receivables from Acesite Limited (BVI) | - | - | - |
| Due from related parties - noncurrent portion | 373,253,414 | 332,797,180 | 340,197,163 |
| Goodwill | - | - | - |
| Property and equipment - net | 6,372,199,167 | 5,992,597,370 | 6,585,028,850 |
| Available-for-sale (AFS) investments | 16,821,740 | 18,209,100 | 16,821,740 |
| Deferred tax assets | 17,307,895 | 19,533,869 | 41,086,003 |
| Other noncurrent assets | 22,335,215 | 55,294,956 | 27,978,112 |
| Total Noncurrent Assets | 6,801,917,431 | 6,418,432,475 | 7,011,111,868 |
| | 9,154,660,936 | 8,372,083,056 | 9,107,344,314 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Accounts payable and accrued expenses | 1,239,742,094 | 1,006,993,323 | 1,358,365,891 |
| Loans payable - current portion | 375,000,000 | 375,000,000 | 375,000,000 |
| Income tax payable | 232,052 | 195,870 | 69,555,622 |
| Contract payable | - | - | - |
| Provisions | - | 88,633,957 | - |
| Other current liabilities | 86,123,748 | 571,293,087 | 25,644,184 |
| Total Current Liabilities | 1,701,097,894 | 2,042,116,237 | 1,828,565,697 |
| Noncurrent Liabilities | | | |
| Loans payable - noncurrent portion | - | 5,705,882 | - |
| Deferred tax liabilities | 1,328,142,563 | 1,197,748,152 | 1,339,315,801 |
| Retirement benefits liability | 87,381,363 | 125,000,514 | 98,517,865 |
| Other noncurrent liabilities | 49,937,196 | 19,068,318 | 6,577,959 |
| Total Noncurrent Liabilities | 1,465,461,122 | 1,347,522,866 | 1,444,411,625 |
| Total Liabilities | 3,166,559,016 | 3,389,639,103 | 3,272,977,322 |
| 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 surplus in property and equipment | 2,349,524,496 | 1,841,118,443 | 2,349,524,496 |
| Foreign currency translation adjustment | 41,686,179 | 32,442,969 | 41,686,179 |
| Fair value reserve | 2,683,245 | 3,456,005 | 2,683,245 |
| Retirement benefits reserve | 102,082,569 | 101,280,259 | 102,082,569 |
| Deficit: | | | |
| Appropriated | - | - | - |
| Unappropriated | (620,321,974) | (985,534,112) | (760,985,667) |
| Total Equity Attributable to Equity Holders of the Parent Company | 5,081,010,625 | 4,198,119,674 | 4,940,346,932 |
| Non-controlling Interest | 907,091,295 | 784,324,279 | 894,020,060 |
| | 9,154,660,936 | 8,372,083,056 | 9,107,344,314 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
As of March 31, 2017

Annex A
Page 2 of 4

| | Unaudited | Unaudited | Audited |
|---|--------------------|--------------------|----------------------|
| | March 31, 2017 | March 31, 2016 | December 31, 2016 |
| REVENUES | | | |
| Hotel | 542,927,160.91 | 508,339,221 | 2,062,860,765.00 |
| Nonhotel | 5,598,151 | 19,428,584 | |
| Interest and other income | 7,760,328 | 6,629,902 | 72,484,476 |
| | 556,285,640 | 534,397,707 | 2,135,345,241 |
| COSTS AND EXPENSES | | | |
| Cost of sales | | | |
| Hotel | 316,925,285 | 309,837,360 | 1,009,481,330 |
| Nonhotel | 9,529,005 | 18,269,572 | 352,897,807 |
| | 326,454,290 | 328,106,932 | 1,362,379,137 |
| | 229,831,350 | 206,290,775 | 772,966,104 |
| OTHER EXPENSES (INCOME) | | | |
| Depreciation and amortization | 51,463,327 | 69,168,124 | 255,392,265 |
| Interest expense | 22,117,107 | 16,425,897 | 80,144,299 |
| Penalties and other charges | - | - | |
| Provision for impairment losses on receivables | - | - | 3,442,842 |
| Loss on sale on Acesite shares | - | - | |
| Interest income | - | - | (39,859,178) |
| Foreign exchange losses (gains) - net | (8,141) | (1,101,520) | 12,007,679 |
| Others - net | - | 28,000 | (9,550,150) |
| | 73,572,294 | 84,520,501 | 301,577,757 |
| INCOME (LOSS) BEFORE INCOME TAX | 156,259,056 | 121,770,274 | 471,388,347 |
| INCOME TAX EXPENSE (BENEFIT) | - | - | 152,503,361 |
| NET INCOME (LOSS) | 156,259,056 | 121,770,274 | 318,884,986 |
| OTHER COMPREHENSIVE INCOME | | | |
| Appraisal on increase on property and equipment | - | - | 913,101,845 |
| Foreign currency translation differences for foreign operations | - | (10,120,719) | 9,243,210 |
| Actuarial gains on defined benefit plan | - | - | 8,322,675 |
| Net change in fair value of AFS financial assets | - | 16,821,740 | (1,387,360) |
| Deferred tax effect | - | - | (276,427,356) |
| | - | - | 652,853,014 |
| TOTAL COMPREHENSIVE INCOME (LOSS) | 156,259,056 | 121,770,274 | 971,738,000 |

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As of March 31, 2017

Annex A
Page 3 of 4

| | Unaudited | Unaudited | Audited |
|---|----------------------|----------------------|----------------------|
| | March 31, 2017 | March 31, 2016 | December 31, 2016 |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | | | |
| Capital stock - P1 par value per share | 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 at beginning of year | 2,349,524,496 | 1,841,118,443 | 1,841,118,443 |
| Other comprehensive income - net of income tax effect | - | - | 557,282,121 |
| Derecognition of land held under finance lease due to acquisition of a subsidiary | - | - | - |
| Transfer of revaluation surplus absorbed through depreciation for the year - net of income tax effect | - | - | (48,876,068) |
| Balance at end of year | 2,349,524,496 | 1,841,118,443 | 2,349,524,496 |
| Unrealized Valuation Gain (Loss) on AFS Investments | | | |
| Balance at beginning of year | - | - | - |
| Valuation loss taken into equity during the year | - | - | - |
| Change in equity ownership of non-controlling interest in a subsidiary | - | - | - |
| Balance at end of year | - | - | - |
| Foreign Currency Translation Adjustment | | | |
| Balance at beginning of year | 41,686,179 | 32,442,969 | 32,442,969 |
| Translation adjustment during the year | - | - | 9,243,210 |
| Balance at end of year | 41,686,179 | 32,442,969 | 41,686,179 |
| Deficit | | | |
| Appropriation for renovation and business expansion | - | - | - |
| Unappropriated | | | |
| Balance at beginning of year | (760,985,667) | (1,097,460,906) | (1,097,460,906) |
| Transfer of revaluation surplus absorbed through depreciation for the year - net of income tax effect | - | - | 48,876,068 |
| Change in retirement benefits reserve | - | - | 206,674 |
| Net loss for the year | 140,663,693 | 111,926,794 | 287,392,497 |
| Balance at end of year | (620,321,974) | (985,534,112) | (760,985,667) |
| Total deficit | (620,321,974) | (985,534,112) | (760,985,667) |
| | 4,976,244,811 | 4,093,383,410 | 4,835,581,118 |
| Fair value reserve, beginning of the year | 2,683,245 | 3,456,005 | 3,456,005 |
| Other comprehensive income-net tax effect | - | - | (772,760) |
| Total fair value reserve | 2,683,245 | 3,456,005 | 2,683,245 |
| Retirement benefits reserve, beginning of the year | 102,082,569 | 101,280,259 | 101,280,259 |
| Other comprehensive income-net tax effect | - | - | 802,310 |
| Total retirement benefits reserve | 102,082,569 | 101,280,259 | 102,082,569 |
| | 5,081,010,625 | 4,198,119,674 | 4,940,346,932 |

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
As of March 31, 2017

Annex A
Page 4 of 4

| | Unaudited March 31, 2017 | Unaudited March 31, 2016 | Audited December 31, 2016 |
|---|-----------------------------|-----------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before income tax | 156,259,057 | 121,770,274 | 471,388,347 |
| Adjustments for: | | | |
| Depreciation and amortization | 51,463,327 | 69,168,124 | 255,392,265 |
| Interest expense | 22,117,107 | 16,425,897 | 80,144,299 |
| Loss on sale on acesite shares | - | - | - |
| Retirement benefit costs | (11,136,502) | 7,565,005 | 20,814,752 |
| Provisions | - | (88,633,957) | - |
| Unrealized foreign exchange loss (gain) | (8,141) | (1,101,520) | 9,243,210 |
| Penalties and other charges | - | - | - |
| Loss(gain) on disposal of property and equipment | - | - | (947,110) |
| Impairment losses | - | - | 3,442,842 |
| Interest income | - | (6,629,902) | (39,859,178) |
| Operating income before working capital changes | 218,694,849 | 118,563,921 | 799,619,427 |
| Decrease (increase) in: | | | |
| Receivables | (65,090,542) | (68,257,252) | (25,188,037) |
| Inventories | 813,075 | 2,047,372 | 1,111,077 |
| Prepaid expenses and other current assets | 12,212,430 | (28,840,076) | (13,420,759) |
| Increase (decrease) in: | | | |
| Accounts payable and accrued expenses | 118,631,938 | (366,688,731) | (14,410,832) |
| Other current liabilities | (60,479,564) | (34,612,416) | (523,576,556) |
| Cash generated from operations | 224,782,186 | (377,787,182) | 224,134,320 |
| Interest received | - | 6,629,902 | 505,729 |
| Income taxes paid | (69,323,570) | (37,866,353) | (85,130,822) |
| Retirement plan contributions paid | - | - | (21,050,000) |
| Benefits paid | - | - | (9,606,808) |
| Interest paid | (22,117,107) | (16,425,897) | (63,195,329) |
| Net cash provided by operating activities | 133,341,508 | - | 45,657,090 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisitions of property and equipment | 161,366,356 | (136,133,466) | (9,668,747) |
| Investment in a subsidiary | - | - | - |
| Due from related parties | (52,326,458) | 280,725,588 | 99,298,558 |
| Proceeds from sale of an equity interest in subsidiary | - | - | - |
| Proceeds from sale of property and equipment | - | (4,680,372) | 8,928,615 |
| Increase in other noncurrent assets | (89,391,590) | 99,265,652 | 12,710,611 |
| Net cash used in investing activities | 19,648,308 | 239,177,402 | 111,269,037 |
| <i>Forward</i> | | | |
| Years Ended December 31 | | | |
| | March 31, 2017 | March 31, 2016 | December 31, 2016 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (Increase)Decrease in loans payable | - | 126,735,932 | (121,030,050) |
| (Increase) Decrease in due from related parties | - | - | - |
| Increase (decrease) in other noncurrent liabilities | 32,185,999 | 95,501,053 | (4,769,144) |
| Payment of obligation under finance lease | - | - | - |
| Net cash provided by (used in) financing activities | 32,185,999 | 222,236,985 | (125,799,194) |
| INCREASE (DECREASE) IN TRANSLATION ADJUSTMENT FOR THE YEAR | | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 185,175,815 | 35,964,857 | 31,126,933 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 204,295,153 | 173,168,220 | 173,168,220 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 389,470,968 | 209,133,077 | 204,295,153 |

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. The Parent Company is 46%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines, which is listed in the Philippine Stock Exchange (PSE). The Parent Company 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 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) | 56 | - |
| Grand Ilocandia Resort and Development, Inc. (GIRDI) | 54 | - |
| Real Estate | | |
| CIMA Realty Phil., Inc. (CIMAR) | - | 56* |
| 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 | - |

Hotels

Waterfront Cebu City Casino Hotel, Inc.

WCCCHI was incorporated on September 23, 1994 to manage and undertake operations of Waterfront Cebu City Hotel and Casino (WCCHC). WCCCHI achieved a milestone during the year by opening the doors of WCCHC on January 5, 1998, with 158 guest-rooms which has already grown to 561 by the last quarter of 1999, six-storey convention center known as the Waterfront Convention Center, previously known as Cebu International Convention Center and six-storey Entertainment Block. Located in this Entertainment Block is a 1,000-square meter 5-star restaurant, which completes

the Company's restaurants row. On February 5, 1998, PAGCOR commenced operations at the new purposely-built casino at the Entertainment Block.

- *Waterfront Convention Center-(WCC)*

Waterfront Convention Center previously known as Cebu International Convention Center is a six-storey building, especially-designed to adapt to any event size and purpose, with a total gross area of 40,587 square meters, and has been in operation since January 5, 1998. Major amenities of the center include ten (11) function rooms and two (2) Grand Ballrooms with a seating capacity of 4,000. WCC is the only convention and exhibition center of international standard in Cebu City.

- *Entertainment Block*

The Entertainment block is a six-storey building with a total gross area of 34,938 square meters. It is comprised of eleven (9) Food and Beverage entertainment outlets, an 11,000 square meters of public and international gaming area that includes the "Casino Filipino", and 62 hotel rooms and suites

- *Hotel Tower Block*

The Hotel Tower block is a 22-storey building with a total gross area of 44,334 square meters. It consists of a podium, containing the lobby, a food and beverage outlet, a reception, a shopping arcade, three (3) press function rooms, and a high rise block of 498 hotel rooms and suites.

The Hotel, with its fairytale-inspired façade, is conveniently located in the center of Cebu City and is within easy reach from key business, commercial and shopping districts and is just 30 minutes away from the Mactan International Airport.

Waterfront Cebu City Hotel & Casino has 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 City Hotel and Casino operates 9 F&B outlets, including a hotel coffees shop, 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 newly renovated lobby was inspired 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.

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.

Waterfront Mactan was incorporated on September 23, 1994 to manage and undertake operations of Waterfront Mactan Island Hotel and Casino (WMIHC). WMCHI has completed Phase I of Waterfront Mactan Island Hotel and Casino (WMIHC). It is located right across Mactan-Cebu International Airport, on a land area of approximately 3.2 hectares. The hotel features 164 rooms and suites, 6 food-and-beverage and entertainment outlets, with a total built-up area of 38,000 square meters. Equipped with one of the largest casinos in the Philippines, WMIHC has made Cebu the only city in Southeast Asia that offers casino facilities to transients while waiting for their flights. For future development is Phase II, consisting of 200-guest rooms, which will be built depending on the demands of the market. It has recently improved its rooms by installing fax machines and Internet connections to cater to the needs of its guests. Additionally, the company has acquired the newest hospitality software in the industry, the OPERA Property Management System, which is designed to help run the hotel operations at a greater level of productivity and profitability. This was installed last January 14, 2003.

The hotel is conveniently located in front of the Mactan International and Domestic Airport, just a three-minute drive to the Industrial Zone, a fifteen-minute drive to the beaches of Mactan Island and just thirty minutes away from Cebu City's shopping and financial district.

This year 2016, the property extended the Annex parking to provide more slots for the guests and this year also marks the 20th anniversary of Waterfront Mactan Casino Hotel, Inc.

Davao Insular Hotel Company, Inc. or Waterfront Insular Hotel Davao, Inc.

Davao Insular Hotel Company Inc. was incorporated in the Philippines on July 3, 1959 to engage in the operation of hotel and related hotel businesses. The hotel is a 98% owned subsidiary of Waterfront Philippines, Incorporated and is operating under its trading name Waterfront Insular Hotel Davao. Waterfront Insular Hotel, the prestigious business hotel in a sprawling garden resort setting, is only five to ten minutes to the downtown area. Nestled along the picturesque Davao Gulf, its open air corridors provide a refreshing view of the hotel's beautifully landscaped tropical garden and the sea.

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 159 guest rooms and suites, 5 function rooms and 6 F&B outlets. Every room opens to a lanai overlooking a lush garden the blue waters of the Davao Gulf or a scenic coconut grove. Features included in the newly

re-opened hotel are the 5 Gazebos located along the beach area. 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.

On 2015, the property re-opens its gym with 48 square meters to continuously serve its guests and to ensure guests satisfaction.

Acesite (Phils.) Hotel Corporation

The principal property of the Company is a 22-storey building known as the Manila Pavilion Hotel located at the corner of United Nations Avenue and Maria Y. Orosa Street in Ermita, Manila. The Hotel has 337 guestrooms and suites that have individually controlled central air conditioning, private bathroom with bathtub and shower, multi-channel radio, color TV with cable channels and telecommunications facilities. It has 3 function rooms and one of this is Alcuaz which can accommodate 250-300 guests. The hotel has approximately 2,200 sq. meters of meeting/banquet/conference facilities, and also houses several restaurants, such as Seasons Café (coffee shop), the Rotisserie (grill room), the Peony Garden (Chinese restaurant), the Boulvar (bar & lounge) and the Patisserie (bakeshop and deli items). Other guest services and facilities include a chapel, swimming pool, gym, business center and a valet-service basement car park. Concessionaires and tenants include beauty salon, foot spa, photography services, transportation services, travel agency, flower shop and boutiques. In addition, Casino Filipino - Pavilion, owned and operated by PAGCOR, occupies part of the first, second, third, fourth and fifth floors (a total of 12,696.17 sq. m.) of the building.

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 sign, sell, transfer and convey all existing shares of stocks of CIMAR to the Company.

Year 2015, Alcuaz function that can accommodate 250-300 guests was renovated and 111 rooms under superior room category were opened.

Waterfront Hotel Management Corporation (previously Waterfront Management Corp.)

G-Hotel by Waterfront located in 2090 Roxas Boulevard, Malate Manila on November of 2006 is being managed by Waterfront Management Corporation. It is a seven-story building with 10 deluxe suites, 20 deluxe king and 20 deluxe twin rooms which offers a personalized butler service. A boutique hotel boasting with its trendy Café Noir, pool bar Mirage and an elegant ballroom, Promenade, added to the list of must-go places in the busy district of Manila. The black and white concept of its lobby is distinctly G-Hotel.

On October 01, 2014, the BOD approved the cessation of the Company's business operations. Consequently, the Company's activities were confined mainly to the collection of receivables, settlement of liabilities, and other administrative matters, while maintaining its status as non-operating entity seeking for other business opportunities.

Mayo Bonanza, Inc.

Mayo Bonanza, Incorporated (MBI), a 100% owned subsidiary of WPI was incorporated on November 24, 1995 in the Philippines with principal activities in the operation and management of amusement, entertainment, and recreation businesses. MBI is to extend the gaming business of the Company. Its primary purpose is to establish, operate, and manage the business of amusement entertainment, and recreation facilities for the use of the paying public. The Company entered into an agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) whereby the latter shall operate the former's slot machine outside of casinos in line with PAGCOR's slot machine arcade project.

On May 30, 2016, BOD approved the cessation of the Company's business operations effective July 01, 2016.

Waterfront Entertainment Corporation

WPI has 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. 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.

Waterfront Food Concepts, Inc.

Waterfront Food Concepts, Inc. is a pastry business, catering to pastry requirements of Waterfront Cebu, Waterfront Mactan and other established coffee shops and food service channels outside the hotels. The property is located in the lobby level of Waterfront Cebu City Casino Hotel. It has started its operation on May of 2006. Its pastry products include cakes, cookies and sandwiches. The subsidiary has already catered most of the renowned coffee shops in the city of Cebu and even in places outside the city like Tagbilaran, Tacloban, Butuan and Pagadian.

Waterfront Wellness Group, Inc.

This new subsidiary is located in the Ground Level of Waterfront Cebu City Casino Hotel occupying 617.53 square meters. W Citigyms and Wellness, Inc. is a fully equipped gym with specialized trainers and state of the art equipments. The gym offers variety of services from aerobic instructions to belly dancing, boxing, yoga classes and a lot more. It also has its own nutritionist/dietician. Its highly trained therapists perform massage and spa services to guests within the hotel.

Citigym entices the public in 2015 by opening the newly renovated room-The Citigym Hit Zone. This is Citigym's "Do It Right" and smart solution to Cebu's growing interest in high intensity workout routines.

Grand Ilocandia Resort and Development, Inc.

As of March 31, 2000, the Company carried its investments in GIRDI at cost since it intended to dispose such investment in the near future. In November 2000, GIRDI sold all of its property and equipment, inclusive of the hotel facilities and related operating assets and the investment in marketable securities.

Waterfront Promotions Limited/Club Waterfront International Limited

Waterfront Promotion Ltd. was incorporated on March 6, 1995, under and by virtue of the laws of Cayman Islands to act as the marketing arm for the international marketing and promotion of hotels and casinos under the trade name of Club Waterfront International Limited (CWIL). It is a wholly owned subsidiary of Waterfront Philippines, Inc., a domestic company. Under the agreement with PAGCOR, WPL has been granted the privilege to bring in foreign players under the program in Waterfront Cebu City Hotel and Grand Ilocandia Resort Development Corp. On the other hand, CWIL is allowed to bring in foreign players in Waterfront Mactan Hotel. In connection to this, the company markets and organizes groups of foreign players as participants to the Philippine Amusement and Gaming Corporation's (PAGCOR) Foreign Highroller Marketing Program. The company also entered into agreements with various junket operators to market the casinos for foreign customers. Under these agreements, the company grants incentive programs to junket operators such as free hotel expenses, free airfares and rolling commissions.

The company participated in a joint venture with Jin Lin Management Corporation, its sole marketing agent and co-venturer on September 24, 2001. This joint venture was terminated on April 15, 2002.

The operations for Waterfront Promotions Limited, and likewise for Club Waterfront International Limited, had ceased for the year 2003 in March due to the bleak market.

Basis 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 NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI 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 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 revenue is recognized:

Rooms

Room revenue is recognized based on actual occupancy.

Food and Beverage

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

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 Revenues

Other revenues are recognized upon execution of service or when earned.

Interest Income

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

1. Cash and Cash Equivalents

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

Short-term placements earn interest at annual average of 0.13% to 2.88% in 2017 and 2016 and have average maturities ranging from 30 to 35 days for both years.

2. Receivables

This account consists:

| | March 2017 | March 2016 |
|--------------------------------------|--------------------|--------------------|
| Trade | 176,959,069 | 120,584,314 |
| Others | 145,889,748 | 181,399,233 |
| | 322,848,817 | 301,983,547 |
| Less allowance for doubtful accounts | -22,311,128 | -20,024,340 |
| Total | 300,537,689 | 281,959,207 |

3. Inventories

This account consists of:

| | March 2017 | March 2016 |
|--------------------|-------------------|-------------------|
| Food and Beverage | 9,618,500 | 8,964,223 |
| Operating Supplies | 16,411,609 | 16,679,408 |
| Others | 1,343,920 | 1,607,178 |
| Total | 27,374,029 | 27,250,809 |

4. Related Party Transactions

In 2017, the Parent Company extended interest-bearing, collateral free advances to TWGI, PRC and Crisanta Realty at a rate of two percent (2%) per annum. This also includes PHES which is due and demandable.

5. Accounts Payable and Accrued Expenses

This account consists of:

| | March 2017 | March 2016 |
|------------------|----------------------|----------------------|
| Trade | 543,441,145 | 435,751,155 |
| Accrued Expenses | 596,241,732 | 439,113,731 |
| Others | 100,059,217 | 132,128,437 |
| Total | 1,237,742,094 | 1,006,993,323 |

6. Loans Payable

This account consists of:

SSS Loan

SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City. On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 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 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, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 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 P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 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.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

In the absence of a formal restructuring agreement, the entire outstanding loan balance amounted to P375.00 million based on principal amount plus accrued interest and penalties amounted to P806.31 million and P746.44 million as at December 31, 2015 and 2014, respectively, presented as part of "Accrued interest and penalties" account under "Accounts payable and accrued expenses" (see Note 11).

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS appealed with the CA assailing the RTC of Quezon City decision in favor of the Parent Company, et al. SSS filed its Appellant's Brief and the Parent Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Parent Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Parent Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Parent Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Parent Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

As at the report date, both parties have not yet appeared before the PMCU-CA for the settlement of the dispute.

ICBC Loan

The Company had committed an event of default with respect to the payment of its US\$15 million loan with the ICBC – Singapore Branch, which matured on 31 March 1998. On 03 June 2003, the loan was restructured by ICBC which stipulated six semi-annual installments payment of principal and interest until April 2006. In July 2004, the new management of the Company requested for a reprieve on loan principal payments due for the period, which the Company suggested to be placed at the end of the term of the Amended Agreement.

On **March 31, 2016**, the Company fully settled its loan obligation.

PBB

On June 10, 2011 and December 19, 2011, WCCCHI and WMCHI, respectively entered into a loan agreement with PBB amounting to Php300 million each with interest fixed at 12% per annum.

As of **April 29, 2016**, the Company has no more loan obligations with PBB.

7. The earnings (loss) per share is computed as follows:

| | March 2017 | March 2016 |
|---|-------------------|-------------------|
| Net Income (Loss) | 140,663,693 | 111,926,794 |
| Weighted Average Number of Shares Outstanding | 2,498,991,753 | 2,498,991,753 |
| Earnings (Loss) per share | 0.056 | 0.045 |

There are no dilutive potential shares as of March 31, 2017 and 2016.

8. Lease Agreement with Philippine Amusement and Gaming Corporation (“PAGCOR”)

The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was last renewed on March 21, 2011. Both leases expired on August 2, 2016. APHC also has a lease agreement with PAGCOR covering 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 Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2016.

The amortized cost of the refundable security deposits received by WCCCHI, WMCHI and APHC upon execution of the above lease contracts were determined by calculating the present value of the cash flows anticipated until the end of the lease term using the respective interest rates. The change in the present value and the amortization of the discount is recognized as part of “Interest expense” account in profit or loss and amounted to P19.01 million, P20.31 million and P19.13 million in 2016, 2015 and 2014, respectively. As the deposits do not have an active market, the underlying interest rates were determined by reference to market interest rates of comparable financial instruments.

As at December 31, 2016, the management of the Group is still negotiating with PAGCOR for the renewal of the leases. Currently, PAGCOR pays WCCCHI, WMCHI, and APHC rental of P24.05 million, P11 million, and P28.59 million, respectively, on a month-to-month basis.

9. Other Lease Agreements

Group as Lessor

Lease Agreements with Concessionaires

WCCCHI, WMCHI, DIHCI and APHC have lease agreements with concessionaires for the

commercial spaces available in their respective hotels. These agreements typically run for a period of less than one year, renewable upon the mutual agreement of the parties.

Rent revenue recognized as part of "Rent and related income" in the consolidated profit or loss and other comprehensive income amounted to P85.29 million, P135.63 million and P116.55 million in 2016, 2015 and 2014, respectively.

Group as Lessee

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 under 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.

10. 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 P3.30 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. The Parent Company 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. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at December 31, 2016, the Parent Company is still awaiting the SC's decision.

Management and its legal counsels believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

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.

**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, 2017 and 2016 together with its financial conditions as of the same period.

RESULTS OF OPERATIONS

| | March 2017 | March 2016 |
|---|--------------------|--------------------|
| Revenues | 556,285,640 | 534,397,707 |
| Less: Costs and Expenses | 326,454,290 | 328,106,932 |
| Net Income (Loss) Before Fixed Financial and Other Charges | 229,831,350 | 206,290,775 |
| Less: Fixed Financial and Other Charges (Dep'n and Amort'n, and Interest) | 73,572,294 | 84,520,501 |
| Income (Loss) before Income Tax | 156,259,056 | 121,770,274 |
| Income Tax Expense (Benefit) | 0.00 | 0.00 |
| Income (Loss) before Share in Minority Interest | 156,259,056 | 121,770,274 |
| Share of Minority Interest | 15,595,363 | 9,843,480 |
| Net Income (Loss) | 140,663,693 | 111,926,794 |
| Earnings (loss) Per share | 0.056 | 0.045 |

FINANCIAL CONDITION

| | March 2017 | March 2016 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | 2,352,743,505 | 1,953,650,581 |
| Non-current Assets | 6,801,917,431 | 6,418,432,475 |
| Total Assets | 9,154,660,936 | 8,372,083,056 |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities | 1,701,097,894 | 2,042,116,237 |
| Non-current Liabilities | 1,465,461,122 | 1,347,522,866 |
| Total Stockholders' Equity | 5,081,010,625 | 4,198,119,674 |
| Minority Interest | 907,091,295 | 784,324,281 |
| Total Liabilities and Stockholders' Equity | 9,154,660,936 | 8,372,083,056 |

RESULTS OF OPERATIONS

Period ended March 31, 2017 compared to Period Ended March 31, 2016

Income Statement

Hotels and other subsidiaries gross revenues for the 1st quarter of 2017 and 2016 are Php 556.29 million and Php 534.40 million respectively, an increased of Php 21.89 million or 4%. Effective cost control was demonstrated yet again as consolidated costs and expenses for all properties decreased by 1%, from Php 328.11 million in 2016 to Php 326.45 million in 2017.

Seasonality or Cyclicity 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 is full of Chinese nationalities and businessmen and celebrating their New Year would really be an advantage to the hotels in terms of revenues.

This 1st quarter, MICE market has been a particularly strong driving. Our ability to reach out to our existing client base to facilitate further business and enhance brand loyalty has been highly rewarding, with MICE-generated banquet and functions contributing significantly to overall growth in sales.

Everyday, we are fuelled by our desire to consistently do a better performance, taking into account our strengths and maximizing our opportunities.

TOP FIVE (5) PERFORMANCE INDICATORS

| | March 2017 | March 2016 |
|----------------------|------------|------------|
| Occupancy Percentage | 79% | 67% |
| Average Room Rates | 2,457 | 2,380 |
| Food Covers | 298,854 | 307,944 |
| Average Food Checks | 381 | 357 |
| Average Food Costs | 36% | 36% |

Occupancy Percentage

The occupancy percentage increased by 12% as compared to 1st quarter of 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 3% higher compared to 1st quarter of last year. 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 3% compared to the 1st quarter of last year. 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 increased by 7% compared to 1st quarter of 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 costs remain steady at 36%. Average Food Cost is computed by dividing the total food and beverage revenue by total food cost.

Revenues and Earnings per Share

Revenues increased by 4% or Php 21.89 million for the 1st quarter of 2017 as compared to previous year of the same quarter while operating expenses decreased by 1%.

GOP grew by 11% or Php 23.54 million compared to last year at Php 206.29 million.

Earnings per share this quarter is at Php 0.056 while same quarter last year was at Php 0.045.

Fixed Financial and Other Charges

Total fixed financial and other charges for this quarter is 13% lower compared to same quarter last year. This account includes the depreciation and interest expense from bank loans.

Interest expense this quarter is higher by 35% compared to the 1st quarter last year, Php 16.43 million.

FINANCIAL CONDITION

Cash and Cash Equivalents

Cash and cash equivalents as of the 1st quarter of this year is at Php 389.47 million compared to 1st quarter of Php 209.13 million; an increased of 86%.

Receivables

Receivables for the period increased by 7% from Php 281.96 million 1st quarter last year to Php 300.54 million 1st quarter this year.

Inventories

Inventory for this quarter is higher than that of last year's---Php 27.37 million this year while last year was at Php 27.25 million. Best effort was exerted to maintain the inventories on a very reasonable level based on banquet functions and actual occupancy.

Due from related parties-current portion

This account increased by 17% from last year's first quarter. This also represents interest bearing advances from TWGL, PRC and PHES which is due and demandable.

Crisanta Realty at a rate of two percent (2%) per annum is classified as noncurrent due in 5 years.

Property, Plant and Equipment

The account increased by 6% or Php 379.60 million compared to last year.

Accounts Payable and Accrued Expenses

This account has increased by Php 23% from last year's Php 1.01 billion.

Loans Payable

The account remains static at Php 375 million. This refers to loan with Social Security System.

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. There are no material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.
- 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 that did not arise from the issuer's continuing operations other than those already affecting profit or loss.

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has 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, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, due from related parties, AFS investment, accounts payable and accrued expenses (except for local taxes and output VAT, withholding taxes and deferred income), other current liabilities, loans payable, and other noncurrent liabilities. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Group's management reviews and approves policies for managing each of these risks.

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 cash in banks, receivables and advances to related parties. The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references.

The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

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 through related party advances and from bank loans, when necessary. - 31 -

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

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.

Since the Group's loan in U.S. dollar had been fully paid in March 2016, the Group is not anymore significantly exposed to changes in foreign currency exchange rates.

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 financial instrument that is exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375 million loan from SSS, as well as the stock rights offering of the Parent Company. The Parent Company is charging WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan

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 which are listed in the PSE totaling to 86,710,000 shares as at December 31, 2016 and 2015.

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of existing or acquires additional shares based on the economic conditions.

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, 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 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 investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2016 and 2015.

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 2016 and 2015.

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 2016 and 2015. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity. The Group is not subject to externally-imposed capital requirements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE FOR SEC REPORTING
As of March 31, 2017

| Trade Receivables | 0-30 days | 31-60 days | 61-90 days | 91-120 days | 121 days over | Total |
|--|----------------------|----------------------|---------------------|---------------------|----------------------|-----------------------|
| Waterfront Cebu City Casino Hotel Inc. | 16,559,481.60 | 5,756,732.22 | 1,650,337.83 | 2,441,754.80 | 19,379,177.83 | 45,787,484.28 |
| Waterfront Airport Hotel and Casino | 22,663,062.54 | 1,671,798.88 | (23,413.67) | 20,526.90 | 179,617.44 | 24,511,592.09 |
| Waterfront Insular Hotel Davao | 4,955,351.76 | 1,840,793.59 | 562,607.31 | 1,433,099.88 | 4,256,945.81 | 13,048,798.35 |
| Manila Pavilion Hotel | 11,444,075.46 | 3,041,219.32 | 1,340,827.59 | 894,198.44 | 14,373,818.71 | 31,094,139.52 |
| Total | 55,621,971.36 | 12,310,544.01 | 3,530,359.06 | 4,789,580.02 | 38,189,559.79 | 114,442,014.24 |

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - WPI00000000

Business Date: June 30, 2017

| BPNAME | HOLDINGS |
|--|-------------|
| COL Financial Group, Inc. | 134,571,537 |
| WESTLINK GLOBAL EQUITIES, INC. | 70,935,540 |
| PHILSTOCKS FINANCIAL INC | 64,985,104 |
| BPI SECURITIES CORPORATION | 28,550,876 |
| TOWER SECURITIES, INC. | 26,406,100 |
| AP SECURITIES INCORPORATED | 18,925,000 |
| PNB SECURITIES, INC. | 18,229,660 |
| FIRST METRO SECURITIES BROKERAGE CORP. | 16,710,500 |
| MAYBANK ATR KIM ENG SECURITIES, INC. | 14,785,850 |
| QUALITY INVESTMENTS & SECURITIES CORPORATION | 13,858,800 |
| AB CAPITAL SECURITIES, INC. | 13,448,000 |
| ANSALDO, GODINEZ & CO., INC. | 12,449,700 |
| UNICAPITAL SECURITIES INC. | 10,240,000 |
| JAKA SECURITIES CORP. | 9,579,500 |
| ABACUS SECURITIES CORPORATION | 8,141,144 |
| WEALTH SECURITIES, INC. | 6,841,300 |
| DEUTSCHE BANK MANILA-CLIENTS A/C | 6,629,000 |
| PCCI SECURITIES BROKERS CORP. | 6,443,000 |
| BDO NOMURA SECURITIES INC | 5,200,998 |
| UOB KAY HIAN SECURITIES (PHILS.), INC. | 4,820,000 |
| DIVERSIFIED SECURITIES, INC. | 4,723,800 |
| STANDARD SECURITIES CORPORATION | 4,586,200 |
| YU & COMPANY, INC. | 4,481,000 |
| PAPA SECURITIES CORPORATION | 4,030,200 |
| EASTERN SECURITIES DEVELOPMENT CORPORATION | 3,942,200 |
| DA MARKET SECURITIES, INC. | 3,941,200 |
| E. CHUA CHIACO SECURITIES, INC. | 3,666,100 |
| R. NUBLA SECURITIES, INC. | 3,517,100 |
| SOLAR SECURITIES, INC. | 3,417,600 |
| ASIASEC EQUITIES, INC. | 3,083,000 |
| REGINA CAPITAL DEVELOPMENT CORPORATION | 2,789,976 |
| IGC SECURITIES INC. | 2,755,000 |
| CAMPOS, LANUZA & COMPANY, INC. | 2,597,702 |
| BDO SECURITIES CORPORATION | 2,588,000 |
| SB EQUITIES, INC. | 2,535,100 |
| BA SECURITIES, INC. | 2,485,200 |
| EVERGREEN STOCK BROKERAGE & SEC., INC. | 2,355,298 |
| YAO & ZIALCITA, INC. | 2,325,500 |
| STRATEGIC EQUITIES CORP. | 2,267,900 |
| AAA SOUTHEAST EQUITIES, INCORPORATED | 2,260,200 |
| SUMMIT SECURITIES, INC. | 2,237,300 |
| GOLDEN TOWER SECURITIES & HOLDINGS, INC. | 2,177,576 |
| PREMIUM SECURITIES, INC. | 2,175,600 |
| UCPB SECURITIES, INC. | 1,889,700 |
| MDR SECURITIES, INC. | 1,753,900 |
| DEUTSCHE REGIS PARTNERS, INC. | 1,671,300 |
| CITISECURITIES, INC. | 1,640,350 |
| B. H. CHUA SECURITIES CORPORATION | 1,586,500 |
| FIRST ORIENT SECURITIES, INC. | 1,570,100 |
| HDI SECURITIES, INC. | 1,507,600 |
| VENTURE SECURITIES, INC. | 1,326,900 |
| R. COYIUTO SECURITIES, INC. | 1,324,000 |

| BPNAME | HOLDINGS |
|---|-----------------|
| BELSON SECURITIES, INC. | 1,303,600 |
| GLOBALINKS SECURITIES & STOCKS, INC. | 1,266,400 |
| RCBC SECURITIES, INC. | 1,249,300 |
| ALPHA SECURITIES CORP. | 1,229,000 |
| TANSENGCO & CO., INC. | 1,228,200 |
| UPCC SECURITIES CORP. | 1,220,500 |
| TRITON SECURITIES CORP. | 1,218,450 |
| R. S. LIM & CO., INC. | 1,048,400 |
| OPTIMUM SECURITIES CORPORATION | 994,750 |
| F. YAP SECURITIES, INC. | 994,000 |
| MANDARIN SECURITIES CORPORATION | 978,200 |
| DAVID GO SECURITIES CORP. | 967,000 |
| STANDARD CHARTERED BANK | 958,000 |
| J.M. BARCELON & CO., INC. | 927,000 |
| NEW WORLD SECURITIES CO., INC. | 901,000 |
| TRANS-ASIA SECURITIES, INC. | 805,500 |
| VICSAL SECURITIES & STOCK BROKERAGE, INC. | 800,000 |
| DW CAPITAL INC. | 737,000 |
| G.D. TAN & COMPANY, INC. | 734,300 |
| GUILD SECURITIES, INC. | 726,100 |
| A. T. DE CASTRO SECURITIES CORP. | 726,000 |
| BERNAD SECURITIES, INC. | 707,100 |
| TIMSON SECURITIES, INC. | 657,000 |
| INVESTORS SECURITIES, INC. | 635,600 |
| ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP. | 632,800 |
| EAGLE EQUITIES, INC. | 599,800 |
| LUCKY SECURITIES, INC. | 598,500 |
| A & A SECURITIES, INC. | 592,700 |
| I. B. GIMENEZ SECURITIES, INC. | 572,097 |
| S.J. ROXAS & CO., INC. | 522,500 |
| INTRA-INVEST SECURITIES, INC. | 509,400 |
| GOLDSTAR SECURITIES, INC. | 507,300 |
| SINCERE SECURITIES CORPORATION | 505,000 |
| AURORA SECURITIES, INC. | 499,700 |
| EQUITIWORLD SECURITIES, INC. | 405,600 |
| EAST WEST CAPITAL CORPORATION | 400,000 |
| JSG SECURITIES, INC. | 381,650 |
| THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP. | 379,700 |
| MERIDIAN SECURITIES, INC. | 355,700 |
| RTG & COMPANY, INC. | 355,100 |
| R & L INVESTMENTS, INC. | 336,000 |
| CITIBANK N.A. | 300,000 |
| IMPERIAL,DE GUZMAN,ABALOS & CO.,INC. | 253,800 |
| CUALOPING SECURITIES CORPORATION | 209,500 |
| ALL ASIA SECURITIES MANAGEMENT CORP. | 202,500 |
| NIEVES SECURITIES, INC. | 200,000 |
| MOUNT PEAK SECURITIES, INC. | 186,000 |
| PLATINUM SECURITIES, INC. | 178,000 |
| LARRGO SECURITIES CO., INC. | 172,000 |
| DEUTSCHE BANK MANILA-CLIENTS A/C | 160,000 |
| BENJAMIN CO CA & CO., INC. | 103,000 |
| KING'S POWER SECURITIES, INC. | 72,000 |
| ASIAN CAPITAL EQUITIES, INC. | 56,100 |
| TRI-STATE SECURITIES, INC. | 55,500 |
| PAN ASIA SECURITIES CORP. | 52,500 |
| FIDELITY SECURITIES, INC. | 44,500 |
| WONG SECURITIES CORPORATION | 44,000 |
| MERCANTILE SECURITIES CORP. | 38,800 |

| BPNAME | HOLDINGS |
|--|----------|
| SUPREME STOCKBROKERS, INC | 31,350 |
| MACQUARIE CAPITAL SECURITIES (PHILIPPINES), INC. | 30,000 |
| I. ACKERMAN & CO., INC. | 30,000 |
| EQUITABLE SECURIITES (PHILS.) INC. | 27,200 |
| THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT. | 22,000 |
| LUYS SECURITIES COMPANY, INC. | 15,500 |
| SALISBURY BKT SECURITIES CORPORATION | 15,300 |
| ASTRA SECURITIES CORPORATION | 13,000 |
| PRYCE SECURITIES, INC. | 12,366 |
| TRENDLINE SECURITIES CORPORATION | 11,200 |
| HK SECURITIES, INC. | 9,100 |
| ARMSTRONG SECURITIES, INC. | 8,600 |
| LITONJUA SECURITIES, INC. | 7,500 |
| APEX PHILIPPINES EQUITIES CORPORATION | 5,000 |
| LOPEZ, LOCSIN, LEDESMA & CO., INC. | 3,300 |
| E.SECURITIES, INC. | 3,300 |
| DBP-DAIWA CAPITAL MARKETS PHILPPINES, INC. | 2,200 |
| SECURITIES SPECIALISTS, INC. | 2,200 |
| PHILIPPINE EQUITY PARTNERS, INC. | 500 |
| FIRST INTEGRATED CAPITAL SECURITIES, INC. | 100 |

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

Republic of the Philippines)
City of Pasig) SS.

CERTIFICATION

I, **ARTHUR R. PONSARAN**, of legal age and with office address at Unit 3104 Antel Global Corporate Center, #3 Doña Julia Vargas Avenue, Ortigas Center, Pasig City, after being duly sworn to in accordance with law, do hereby certify:

1. I am duly elected Corporate Secretary of WATERFRONT PHILIPPINES, INC. (the "Corporation"), a corporation duly organized and existing under Philippine laws with principal office at No. 1 Waterfront Derive, Off Salinas Drive, Lahug, Cebu City.
2. All incumbent directors and officers of the Corporation are not connected with any government agency or instrumentality.

I execute this Certification to comply with the requirements of the Securities and Exchange Commission.


IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of August 2017, in the City of Pasig.


ARTHUR R. PONSARAN
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 3rd day of August 2017, at Pasig City, affiant exhibiting to me his TIN No. 127-640-176.

CITY OF MANILA

Doc. No. 187;
Page No. 78;
Book No. 13;
Series of 2017.


ATTY. GILBERTO B. PASIMANO
Notary Public until Dec. 31, 2017
Notarial Commission 2016-038 Ma.
B.P.# 1013098 Pasig 12-16-15 until 2017
R# 5939952 - Ma. 1-3-2017
Roll# 25473, TIN# 103-098-346
MCLE Compl. No. V-0006269 until 4-14-19

UNDERTAKING

Waterfront Philippines, Inc. hereby undertake to distribute a copy of **SEC FORM 17-Q for the 2nd quarter of 2017** to WPI Stockholders during the Annual Meeting to be held on September 23, 2017.



KENNETH T. GATCHALIAN
President



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **Waterfront Philippines, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2016 and 2015**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

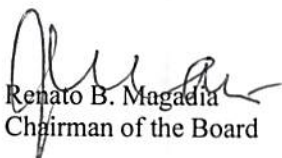
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.


The Board of Directors is responsible for overseeing the Company's financial reporting process.

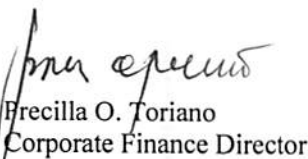
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.


R.G. Manabat & Co., appointed by the stockholders, has audited the financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders or members, 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. Ping
Treasurer

Signed this **APR 17 2017**
th day of _____ 2017

APR 18 2017

Subscribed and Sworn to before me this _____
Affiant exhibit to me his/her CTC No. _____
Issued on / at _____

DOC. NO. 502
PAGE NO. 37
BOOK NO. 31
SERIES OF 20 17

JOEL G. GORDOLA
Notary Public
Commission expires until December 31, 2017
Adm. No. 069; Roll No. 25103
IBP No. 105826 1/04/17; Q.C.
PTR No. 3693408; 1/03/17; Q.C.
TIN 126-768-809; MCLE No. V-0001531
Until 1 # 878 Quirino Highway, Gulod, Novaliches, Q.C.




**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**


The Management of **Waterfront Philippines, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2016**. 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.

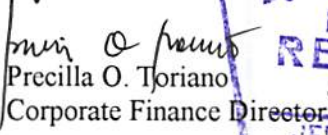
In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2016** and the accompanying Annual Income Tax Return are in accordance with the books and records of **Waterfront Philippines, Inc.**, complete and correct in all material respects. Management likewise affirms that:

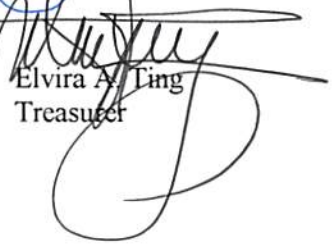
- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards Philippine Financial Reporting 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) **Waterfront Philippines, Inc.** 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.

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. Ling
Treasurer



Signed this 17th day of APRIL, 2017



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
Email ph-inquiry@kpmg.com.ph

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Cebu

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of Waterfront Philippines, Incorporated (the Company), which comprise the separate statements of financial position as at December 31, 2016 and 2015, and the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2016 and 2015, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 17 to the basic separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Tireso Randy F. Lapidez.

R.G. MANABAT & CO.

Tireso Randy F. Lapidez

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

SEC Accreditation No. 1472-A, Group A, valid until March 30, 2018

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

Issued October 15, 2014; valid until October 14, 2017

PTR No. 5904929MD

Issued January 3, 2017 at Makati City



April 11, 2017

Makati City, Metro Manila



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
Email ph-inquiry@kpmg.com.ph

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE**

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Cebu

We have audited the accompanying separate financial statements of Waterfront Philippines, Incorporated (the Company) as at and for the year ended December 31, 2016, on which we have rendered our report dated April 11, 2017.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

R.G. MANABAT & CO.

Tireso Randy F. Lapidez

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

SEC Accreditation No. 1472-A, Group A, valid until March 30, 2018

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

Issued October 15, 2014; valid until October 14, 2017

PTR No. 5904929MD

Issued January 3, 2017 at Makati City



April 11, 2017
Makati City, Metro Manila

WATERFRONT PHILIPPINES, INCORPORATED

**SEPARATE FINANCIAL STATEMENTS
December 31, 2016 and 2015**

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF FINANCIAL POSITION



December 31

| | Note | 2016 | 2015 |
|---|------|-----------------------|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash in bank | | P672,364 | P72,050 |
| Due from related parties – current portion | 5 | 1,272,815,404 | 1,339,056,384 |
| Total Current Assets | | 1,273,487,768 | 1,339,128,434 |
| Noncurrent Assets | | | |
| Due from related parties - noncurrent portion | 5 | 340,197,163 | 332,797,180 |
| Investments and advances to subsidiaries | 4 | 2,602,228,098 | 2,727,149,479 |
| Property and equipment - net | 6 | 1,031,848 | 1,332,070 |
| Other noncurrent assets | | 2,539,000 | 2,539,000 |
| Total Noncurrent Assets | | 2,945,996,109 | 3,063,817,729 |
| | | P4,219,483,877 | P4,402,946,163 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Accrued expenses and other payables | 7 | P867,682,163 | P806,857,885 |
| Due to related parties | 5 | 771,371,108 | 964,641,529 |
| Loan payable | 8 | 375,000,000 | 375,000,000 |
| Income tax payable | | 4,172,068 | 4,435,160 |
| Total Current Liabilities | | 2,018,225,339 | 2,150,934,574 |
| Equity | | | |
| Capital stock | 12 | 2,498,991,753 | 2,498,991,753 |
| Additional paid-in capital | | 706,364,357 | 706,364,357 |
| Deficit | | (1,004,097,572) | (953,344,521) |
| Total Equity | | 2,201,258,538 | 2,252,011,589 |
| | | P4,219,483,877 | P4,402,946,163 |

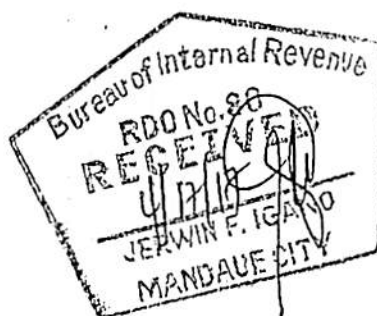
See Notes to the Separate Financial Statements.



WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

| | | Years Ended December 31 | | |
|--|------|-------------------------|-----------------------|----------------------|
| | Note | 2016 | 2015 | 2014 |
| REVENUES | | | | |
| Interest income | 5 | P30,432,660 | P31,731,471 | P31,661,948 |
| Other income | | 1,303,556 | 610,761 | - |
| | | 31,736,216 | 32,342,232 | 31,661,948 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | | |
| Impairment losses | 4 | 62,806,762 | 253,666,551 | 55,304,334 |
| Transportation and travel | | 8,540,091 | 9,103,852 | 9,660,619 |
| Representation and entertainment | | 6,688,980 | 1,615,962 | 8,315,434 |
| Professional fees | | 2,321,489 | 1,547,800 | 1,756,100 |
| Supplies | | 1,730,502 | 1,945,270 | 1,749,847 |
| Data processing expenses | | 798,098 | 973,059 | 849,998 |
| Taxes and licenses | | 249,352 | 183,750 | 494,333 |
| Annual meeting expenses | | 164,881 | 187,687 | 185,365 |
| Accretion expense (income) | 5 | (7,399,983) | 40,456,234 | - |
| Others | 9 | 2,417,027 | 2,688,874 | 2,454,986 |
| | | 78,317,199 | 312,369,039 | 80,771,016 |
| LOSS BEFORE INCOME TAX EXPENSE | | (46,580,983) | (280,026,807) | (49,109,068) |
| INCOME TAX EXPENSE | 10 | 4,172,068 | 4,435,160 | 4,258,224 |
| NET LOSS/TOTAL COMPREHENSIVE LOSS | | (P50,753,051) | (P284,461,967) | (P53,367,292) |

See Notes to the Separate Financial Statements.



WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF CHANGES IN EQUITY

| | <i>Note</i> | Years Ended December 31 | | |
|-----------------------------------|-------------|--------------------------------|-----------------------|-----------------------|
| | | 2016 | 2015 | 2014 |
| CAPITAL STOCK | <i>12</i> | P2,498,991,753 | P2,498,991,753 | P2,498,991,753 |
| ADDITIONAL PAID-IN CAPITAL | | 706,364,357 | 706,364,357 | 706,364,357 |
| DEFICIT | | | | |
| Balance at beginning of year | | (953,344,521) | (668,882,554) | (615,515,262) |
| Net loss for the year | | (50,753,051) | (284,461,967) | (53,367,292) |
| Balance at end of year | | (1,004,097,572) | (953,344,521) | (668,882,554) |
| | | P2,201,258,538 | P2,252,011,589 | P2,536,473,556 |

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
SEPARATE STATEMENTS OF CASH FLOWS

| | | Years Ended December 31 | | |
|---|------|-------------------------|------------------|------------------|
| | Note | 2016 | 2015 | 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Loss before income tax | | (P46,580,983) | (P280,026,807) | (P49,109,068) |
| Adjustments for: | | | | |
| Impairment losses | 4 | 62,806,762 | 253,666,551 | 55,304,334 |
| Depreciation | 6 | 300,222 | 312,393 | 312,393 |
| Accretion expense (income) | 5 | (7,399,983) | 40,456,234 | - |
| Interest income | 5 | (30,432,660) | (31,731,471) | (31,661,948) |
| | | (21,306,642) | (17,323,100) | (25,154,289) |
| Changes in: | | | | |
| Accrued expenses and other payables | | 60,824,278 | 59,947,947 | 55,623,732 |
| | | 39,517,636 | 42,624,847 | 30,469,443 |
| Income taxes paid | | (4,435,160) | (4,258,224) | (3,487,363) |
| Net cash provided by operating activities | | 35,082,476 | 38,366,623 | 26,982,080 |
| CASH FLOW FROM A FINANCING ACTIVITY | | | | |
| Net advances to related parties | 4, 5 | (34,482,162) | (38,885,497) | (27,338,213) |
| NET INCREASE (DECREASE) IN CASH | | 600,314 | (518,874) | (356,133) |
| CASH AT BEGINNING OF YEAR | | 72,050 | 590,924 | 947,057 |
| CASH AT END OF YEAR | | P672,364 | P72,050 | P590,924 |

See Notes to the Separate Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED
NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Reporting Entity

Waterfront Philippines, Incorporated (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994. The Company is 46%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines, which is listed in the Philippine Stock Exchange (PSE). It 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 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) | 56 | - |
| Grand Ilocandia Resort and Development, Inc. (GIRDI) | 54 | - |
| Real Estate | | |
| CIMA Realty Phil., Inc. (CIMAR) (through direct ownership in APHC) | - | 56 |
| 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 |
| Pastries Manufacturing | | |
| Waterfront Food Concepts, Inc. (WFC) | 100 | - |
| Hotel Management and Operation | | |
| Waterfront Hotel Management Corporation (WHMC) | 100 | - |
| Waterfront Entertainment Corporation (WEC) | 100 | - |

The Company's percentages of ownership for the above subsidiaries are the same in 2016, 2015 and 2014.

Office Address

The registered office of the Company is located at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City, Cebu.

2. Basis of Preparation

Basis of Accounting

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). They were authorized for issue by the Company's Board of Directors on April 11, 2017.

In full compliance with Philippine Accounting Standard (PAS) 27, *Consolidated and Separate Financial Statements*, the Company has prepared consolidated financial statements for the same periods in which it consolidates all investments in subsidiaries in accordance with the said standard. Such consolidated financial statements provide information about the economic activities of the group of which the Company is the parent. Details of the Company's significant accounting policies are included in Note 16.

Users of these separate financial statements should read them together with the consolidated financial statements as of and for the year ended December 31, 2016 in order to obtain full information on the consolidated financial position, consolidated statements of comprehensive income and consolidated statements of cash flows of the Company and its subsidiaries as a whole. The consolidated financial statements can be obtained from the SEC and from the website of the PSE (www.pse.com.ph).

Basis of Measurement

The separate financial statements have been prepared on the historical cost basis of accounting.

Functional and Presentation Currency

The separate financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest peso, except when otherwise indicated.

3. Use of Judgments and Estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments

Information about judgements in applying accounting policies that have the most significant effect in the amounts recognized in the separate financial statements is as follows:

Provisions and Contingencies

The Company has received assessments from the Bureau of Internal Revenue (BIR) for deficiency taxes which is still pending resolution. The Company's management and legal counsels have made a judgment that the position of the Company is sustainable and, accordingly, believe that the Company does not have a present obligation (legal or constructive) with respect to such assessment (see Note 14).

Estimation uncertainties

Information about estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Allowance for Impairment Losses on Advances to and Due from Related Parties

The Company maintains an allowance for impairment losses at a level considered adequate to provide for potential uncollectible accounts. The level of this allowance is evaluated by the Company on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with its debtors, their payment behavior and known market factors. The Company reviews the age and status of advances and due from related parties, and identifies accounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgment or utilized different estimates.

Management's judgment is 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 an allowance against the recorded receivable amount.

Allowance for impairment losses on advances to and due from related parties amounted to P149.34 million and P61.19 million as at December 31, 2016, respectively, and P88.61 million and P61.19 million as at December 31, 2015, respectively (see Notes 4 and 5).

Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

As at December 31, 2016 and 2015, the carrying amount of property and equipment amounted to P1.03 million and P1.33 million, respectively (see Note 6).

Impairment of Nonfinancial Assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next years and do not include restructuring activities that the Company is no yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4. Investments and Advances to Subsidiaries

Investments and advances to subsidiaries consists of the following (amounts in thousands):

| | December 31, 2016 | | | | | | | | | | |
|---------------------------------|-------------------|----------|----------|-----------|----------|----------|----------|---------|---------|------|------------|
| | WCCCHI | DIHCI | APHC | GIRDI | WHMC | MBI | WWGI | WMCHI | WFC | WEC | Total |
| Investment cost | P13,800 | P584,363 | P479,228 | P253,667 | P125 | P25 | P625 | P13,800 | P125 | P125 | P1,345,883 |
| Advances | 510,821 | - | - | - | 87,308 | 7,144 | 647 | - | 241 | 92 | 606,253 |
| Deposit for stock subscription | 1,000,000 | - | - | - | - | 35,000 | 13,000 | - | 6,000 | - | 1,054,000 |
| Total | 1,524,621 | 584,363 | 479,228 | 253,667 | 87,433 | 42,169 | 14,272 | 13,800 | 6,366 | 217 | 3,006,136 |
| Allowance for impairment losses | - | - | - | (253,667) | (87,433) | (42,169) | (14,272) | - | (6,366) | - | (403,907) |
| | P1,524,621 | P584,363 | P479,228 | P - | P - | P - | P - | P13,800 | P - | P217 | P2,602,229 |

| | December 31, 2015 | | | | | | | | | | |
|---------------------------------|-------------------|----------|----------|-----------|----------|---------|---------|---------|-------|--------|------------|
| | WCCCHI | DIHCI | APHC | GIRDI | WHMC | MBI | WWGI | WMCHI | WFC | WEC | Total |
| Investment cost | P13,800 | P584,363 | P479,228 | P253,667 | P125 | P25 | P625 | P13,800 | P125 | P125 | P1,345,883 |
| Advances | 560,525 | - | - | - | 88,611 | 13,241 | 462 | - | 57 | 6,773 | 669,669 |
| Deposit for stock subscription | 1,000,000 | - | - | - | - | 35,000 | 13,000 | - | 6,000 | - | 1,054,000 |
| Total | 1,574,325 | 584,363 | 479,228 | 253,667 | 88,736 | 48,266 | 14,087 | 13,800 | 6,182 | 6,898 | 3,069,552 |
| Allowance for impairment losses | - | - | - | (253,667) | (88,736) | - | - | - | - | - | (342,403) |
| | P1,574,325 | P584,363 | P479,228 | P - | P - | P48,266 | P14,087 | P13,800 | P - | P6,898 | P2,727,149 |

Deposits to Subsidiaries

As part of the Company's continuing commitment and guarantee for the subsidiaries to continue as going concern entities, the Company and its subsidiaries agreed to set aside a portion of the Company's outstanding advances to the subsidiaries as deposits for future stock subscriptions. The amounts set aside will be used as subscription payments by the Company once the planned increase in the authorized capital stock of the subsidiaries will materialize.

Advances to Subsidiaries

Advances to subsidiaries mainly represent funds provided to support the subsidiaries' daily operations and to finance the construction and completion of certain hotel projects. As discussed in Note 8 to the separate financial statements, these include interest charges incurred on loans obtained from the Social Security System (SSS).

The advances to subsidiaries in are annually renegotiated and repriced based on the agreement entered by the Company and subsidiaries.

Discussed below are the descriptions and the financial information of each subsidiary.

WCCCHI

WCCCHI was incorporated and registered with the SEC on September 23, 1994, primarily to own and operate hotels and other related businesses. The facilities of WCCCHI includes an international convention center, an international casino building and a 561-room deluxe hotel (Cebu City Hotel Project) at the former Lahug Airport, Cebu City. WCCCHI started operations in 1998.

The significant information on the financial statements of WCCCHI follows (in thousands):

| | 2016 | 2015 |
|---------------------------|-----------|-----------|
| Total current assets | P255,463 | P200,796 |
| Total assets | 3,280,947 | 2,915,096 |
| Total current liabilities | 1,759,515 | 949,441 |
| Total liabilities | 2,220,860 | 2,285,426 |
| Revenue | 951,438 | 892,979 |
| Net income (loss) | 139,183 | 64,317 |

DIHCI

DIHCI was incorporated and registered with SEC in the Philippines on July 3, 1959 to engage primarily in the operation of hotel and hotel-related businesses.

The registered office and principal place of business of DIHCI is at Waterfront Insular Hotel Davao, Km. 8000 Lanang, Davao City.

The significant information on the financial statements of DIHCI follows (in thousands):

| | 2016 | 2015 |
|---------------------------|----------|----------|
| Total current assets | P115,232 | P104,991 |
| Total assets | 711,097 | 631,596 |
| Total current liabilities | 44,970 | 52,319 |
| Total liabilities | 205,279 | 190,831 |
| Revenue | 191,538 | 176,529 |
| Net income (loss) | 13,249 | 7,289 |

APHC

APHC was incorporated and registered with the SEC on October 10, 1952 primarily to engage in the business of operating a hotel, or other accommodations, for the general public and to construct such facilities as may be reasonably necessary or useful in connection with the same.

APHC is the owner and operator of Manila Pavilion Hotel. The corporate life of APHC has been extended up to 2052. APHC's shares have been listed in the Philippine Stock Exchange (PSE) since December 5, 1986.

The registered office and principal place of business of APHC is at Room 610, Manila Pavilion Hotel, United Nations Avenue, Ermita, Manila.

The significant information on the consolidated financial statements of APHC follows (in thousands):

| | 2016 | 2015 |
|---------------------------|-----------|-----------|
| Total current assets | P306,446 | P476,045 |
| Total assets | 2,316,234 | 2,331,983 |
| Total current liabilities | 110,766 | 487,384 |
| Total liabilities | 699,087 | 977,305 |
| Revenue | 589,238 | 625,647 |
| Net income | 70,470 | 74,579 |

GIRDI

GIRDI was incorporated and registered with the SEC on December 18, 1990 to engage in the hotel and resort business. Its registered office is located at No. 37 Calayab, Laoag City, Ilocos Norte.

In 2000, management decided to temporarily stop the commercial operations of GIRDI.

In 2015, due to accumulated losses which resulted to a capital deficiency of P295.64 million, the Company have provided an allowance for impairment losses on its investment to GIRDI. The allowance for impairment losses on investment amounted to P253.67 million for both December 31, 2016 and December 31, 2015.

The significant information on the financial statements of GIRDI follows (in thousands):

| | 2016 | 2015 |
|-------------------|----------|----------|
| Total assets | P471,034 | P471,520 |
| Total liabilities | 39,116 | 39,660 |
| Revenue | 1,521 | 1,477 |
| Net income | 57 | 58 |

MBI

MBI was incorporated and registered with the SEC 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 entered into an agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) whereby the latter shall operate the former's slot machines outside of casinos in line with PAGCOR's slot machine arcade project.

In 2016, management decided to temporarily stop the commercial operations of MBI.

Due to accumulated losses which resulted to a capital deficiency of P38.50 million, the Company have provided an allowance for impairment losses on its investment in and advances to MBI. The allowance for impairment losses on its investment, advances and deposits amounted to P0.03 million, P7.14 million and P35 million as at December 31, 2016, respectively.

The significant information on the financial statements of MBI follows (in thousands):

| | 2016 | 2015 |
|---------------------------|--------|---------|
| Total current assets | P4,640 | P10,604 |
| Total assets | 8,201 | 27,049 |
| Total current liabilities | 46,680 | 31,755 |
| Total liabilities | 46,680 | 67,508 |
| Revenue | 29,073 | 62,449 |
| Net income (loss) | 1,980 | (2,651) |

WMCHI

WMCHI was incorporated and registered with the SEC on September 23, 1994, primarily to own and operate hotels and other related businesses. The facilities of WMCHI include an international casino and a 167-room deluxe hotel (Airport Hotel Project) at the Mactan Cebu International Airport. WMCHI started commercial operations in 1996.

The significant information on the financial statements of WMCHI follows (in thousands):

| | 2016 | 2015 |
|---------------------------|-----------|-----------|
| Total current assets | P274,925 | P288,879 |
| Total assets | 1,280,558 | 1,166,889 |
| Total current liabilities | 85,900 | 203,605 |
| Total liabilities | 288,159 | 370,708 |
| Revenue | 363,170 | 328,219 |
| Net income | 87,525 | 60,954 |

WWGI

WWGI, formerly W Citigyms & Wellness, Inc., was incorporated and registered with the SEC on January 26, 2006, to engage in, conduct and carry on the general business of sporting and other recreational activities. The facilities of WWGI, which commenced commercial operations on May 1, 2006, include a fitness gym with top-of-the line equipment and amenities. WWGI also offers in-house massage for guests staying in WCCCHI, a fellow subsidiary.

In 2016, due to accumulated losses which resulted to a capital deficiency of P27.11 million, the Company have provided an allowance for impairment losses on its investment in and advances to WWGI. The allowance for impairment losses on its investment, advances and deposits amounted to P0.63 million, P0.65 million and P13 million as at December 31, 2016, respectively.

The significant information on the financial statements of WWGI follows (in thousands):

| | 2016 | 2015 |
|---------------------------|---------|---------|
| Total current assets | P18,156 | P18,400 |
| Total assets | 24,762 | 26,289 |
| Total current liabilities | 48,462 | 30,260 |
| Total liabilities | 50,891 | 45,512 |
| Revenue | 11,621 | 13,808 |
| Net loss | (6,719) | (1,560) |

WFC

WFC was incorporated and registered with the SEC on January 26, 2004 to engage in the operation of restaurants and food outlets and to manufacture baked and unbaked desserts, breads and pastries supplied to in-store bakeries, coffee shops and food service channels.

In 2016, due to accumulated losses which resulted to a capital deficiency of P37.95 million, the Company have provided an allowance for impairment losses on its investment in and advances to WFC. The allowance for impairment losses on its investment, advances and deposits amounted to P0.13 million, P0.24 million and P6 million as at December 31, 2016, respectively.

The significant information on the financial statements of WFC follows (in thousands):

| | 2016 | 2015 |
|----------------------|---------|---------|
| Total current assets | P6,590 | P6,016 |
| Total assets | 6,692 | 6,156 |
| Total liabilities | 44,518 | 40,113 |
| Revenue | 1,929 | 3,822 |
| Net loss | (3,869) | (4,502) |

WHMC

WHMC was incorporated and registered with the SEC 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 2014, management decided to temporarily stop the commercial operations of MBI.

Due to accumulated losses which resulted to a capital deficiency of P106.89 million, the Company have provided an allowance for impairment losses on its investment in and advances to WHMC. The allowance for impairment losses on its investment and advances amounted to P0.13 million and P87.31 million as at December 31, 2016, respectively and P0.13 million and P88.61 million as at December 31, 2015, respectively.

The significant information on the financial statements of WHMC follows (in thousands):

| | 2016 | 2015 |
|---------------------------|---------|---------|
| Total current assets | P107 | P1,041 |
| Total assets | 107 | 1,041 |
| Total current liabilities | 118,593 | 122,475 |
| Total liabilities | 118,593 | 122,475 |
| Revenue | - | - |
| Net income (loss) | 2,949 | (132) |

WEC

WEC was incorporated and registered with the SEC on August 13, 2003 to engage in the business of producing and co-producing of concerts and shows.

The significant information on the financial statements of WEC follows (in thousands):

| | 2016 | 2015 |
|---------------------------|--------|---------|
| Total current assets | P9,368 | P14,776 |
| Total assets | 9,671 | 15,070 |
| Total current liabilities | 2,814 | 7,852 |
| Total liabilities | 3,106 | 8,170 |
| Revenue | 6,492 | 8,802 |
| Net income (loss) | (401) | 1,772 |

WPL and CWIL

WPL and its wholly-owned subsidiary, CWIL, were incorporated in the Cayman Islands on March 6, 1995 and June 11, 1996, respectively.

WPL and CWIL's primary business purpose is to invite and organize groups of foreign casino players to play in Philippine casinos pursuant to certain agreements entered into with the PAGCOR under the latter's Foreign High-Roller Marketing Program (the Program). WPL and its subsidiary's participation with PAGCOR's Program, however, has been terminated in 2003 due to unfavorable economic conditions.

To support the Program, WPL and CWIL entered into several agreements with various junket operators to market and promote the Philippine casinos to foreign casino players. In consideration for marketing and promoting of the Philippine casinos, these operators receive certain incentives such as free hotel accommodations, free airfares, and rolling commissions from the Group. Due to the termination of the WPL and CWIL's participation with PAGCOR's Program, agreements with the junket operators were also terminated.

The significant information on the consolidated financial statements of WPL follows (in thousands of U.S. dollar):

| | 2016 | 2015 |
|-------------------|---------|---------|
| Total assets | \$4,386 | \$4,665 |
| Total liabilities | 1,329 | 1,313 |
| Net income (loss) | (270) | (224) |

5. Related Party Transactions

The Company's related party transactions include transactions with its subsidiaries enumerated in Notes 1 and 4, its key management personnel (KMP) and related parties enumerated in the table below:

| Related Party | Relationship with the Company |
|---|-------------------------------|
| TWGI | Parent |
| Pacific Rehouse Corp. (PRC) | Stockholder |
| Metro Alliance Holdings and Equities Corp. (MAHEC) | Stockholder |
| Crisanta Realty Development Corp. (Crisanta Realty) | Stockholder |
| Philippine Estates Corporation (PHES) | Stockholder |
| East Asia Oil & Mining Company, Inc. (East Asia) | Stockholder |

Significant Transactions with Related Parties

The Group's transactions with related parties consists of (in thousands):

| Category/ Transaction | Year | Note | Amount of the Transaction | Due from Related Parties | | Due to Related Parties | Investments and Advances to Subsidiaries | Terms and Conditions |
|-------------------------------------|------|------|---------------------------------|--------------------------|------------|------------------------------|---|--|
| | | | | Current | Noncurrent | | | |
| Stockholders | | | | | | | | |
| • TWGI | | | | | | | | |
| - Advances, interest and settlement | 2016 | 5a | P84,121 | P699,809 | P - | P - | P - | Secured; interest-bearing; due in one year subject to renewal; subject to re-pricing |
| | 2015 | 5a | 13,984 | 783,930 | - | - | - | |
| • PRC | | | | | | | | |
| - Advances, interest and settlement | 2016 | 5a | 10,415 | 531,158 | - | - | - | Secured; interest-bearing; due in one year subject to renewal; subject to re-pricing |
| | 2015 | 5a | 10,211 | 520,743 | - | - | - | |
| • MAHEC | | | | | | | | |
| - Advances and interest | 2015 | 5a | 365,933 | - | - | - | - | Secured; interest-bearing; subject to re-pricing; due in one year subject to renewal |
| • Crisanta Realty | | | | | | | | |
| - Advances | 2016 | 5a | 14,885 | 7,465 | 340,197 | - | - | Unsecured; interest-bearing; subject to re-pricing; due in five years |
| | 2015 | 5a | 332,797 | - | 332,797 | - | - | |
| | 2015 | 5b | 5,700 | 92,054 | - | - | - | |
| • Others | | | | | | | | |
| - Advances and interest | 2016 | 5b | - | 95,568 | - | - | - | Unsecured; noninterest-bearing; subject to re-pricing; due on demand |
| | 2015 | 5b | 5,700 | 95,568 | - | - | - | |
| Subsidiaries | | | | | | | | |
| • WCCCHI | | | | | | | | |
| - Advances and settlement | 2016 | 5d | 560,525 | - | - | - | 510,821 | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 5d | 135,053 | - | - | - | 560,525 | |
| - Deposit | 2016 | 5e | - | - | - | - | 1,000,000 | Unsecured; noninterest-bearing |
| | 2015 | 5e | - | - | - | - | 1,000,000 | |

Forward

| Category/ Transaction | Year | Note | Amount of the Transaction | Due from Related Parties | | Due to Related Parties | Investments and Advances to Subsidiaries | Terms and Conditions |
|---------------------------------|-------------|------|---------------------------------|--------------------------|-----------------|------------------------------|---|---|
| | | | | Current | Noncurrent | | | |
| • DIHCI | | | | | | | | |
| - Advances and settlement | 2016 | 5c | 10,257 | - | - | 5,425 | - | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 5c | 5,167 | - | - | 15,682 | - | |
| • APHC | | | | | | | | |
| - Advances and settlement | 2016 | 5c | 196,967 | - | - | 173,447 | - | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 5c | 43,776 | - | - | 370,414 | - | |
| • GIRDI | | | | | | | | |
| - Advances and settlement | 2016 | 5c | 1,803 | - | - | 207,838 | - | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 5c | 1,739 | - | - | 209,641 | - | |
| • WHMC | | | | | | | | |
| - Advances and settlement | 2016 | 5d | 1,303 | - | - | - | 87,308 | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 5d | 11,029 | - | - | - | 88,611 | |
| • MBI | | | | | | | | |
| - Advances and settlement | 2016 | 5d | 6,097 | - | - | - | 7,144 | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 5d | 2,999 | - | - | - | 13,241 | |
| - Deposit | 2016 | 5e | - | - | - | - | 35,000 | Unsecured; noninterest-bearing |
| | 2015 | 5e | - | - | - | - | 35,000 | |
| • WWGI | | | | | | | | |
| - Advances and settlement | 2016 | 5d | 185 | - | - | - | 647 | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 5d | 146 | - | - | - | 462 | |
| - Deposit | 2016 | 5e | - | - | - | - | 13,000 | Unsecured; noninterest-bearing |
| | 2015 | 5e | - | - | - | - | 13,000 | |
| • WMCHI | | | | | | | | |
| - Advances and settlement | 2016 | 5c | 16,039 | - | - | 189,636 | - | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 5c | 163,895 | - | - | 173,496 | - | |
| • WEC | | | | | | | | |
| - Advances and settlement | 2016 | 5d | 6,681 | - | - | - | 92 | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 5d | 73 | - | - | - | 6,773 | |
| • WFC | | | | | | | | |
| - Advances and settlement | 2016 | 5d | 184 | - | - | - | 241 | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 5d | 153 | - | - | - | 57 | |
| - Deposit | 2016 | 5e | - | - | - | - | 6,000 | Unsecured; noninterest-bearing |
| | 2015 | 5e | - | - | - | - | 6,000 | |
| • WPL | | | | | | | | |
| - Advances and settlement | 2016 | 5c | 283 | - | - | 195,128 | - | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 5c | 212 | - | - | 195,409 | - | |
| Allowance for impairment losses | 2016 | 5f | | 61,185 | - | - | 149,340 | |
| | 2015 | 5f | | 61,185 | - | - | 88,611 | |
| TOTAL | 2016 | | | P1,272,815 | P340,197 | P771,371 | P1,510,913 | |
| TOTAL | 2015 | | | P1,339,056 | P332,797 | P964,642 | P1,635,058 | |

a. Interest-bearing Advances to Related Parties

The Company granted interest-bearing advances to TWGI, PRC, MAHEC and Crisanta Realty.

Nature and Purpose of the Advances

The advances granted to TWGI and PRC were substantially used to finance the acquisition or development of real properties for the Company. These advances are payable on demand and charge interest at 2% per annum. TWGI paid P82.33 million and P108.6 million in 2016 and 2015, respectively, while PRC had no payments in 2016 and 2015.

Interest receivable from TWGI amounted to P124.86 million and P112.31 million as at December 31, 2016 and 2015, respectively, while interest receivable from PRC amounted to P55.64 million and P45.23 million as at December 31, 2016 and 2015, respectively.

On February 5, 2015, the Company, TWGI, PRC and MAHEC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI, PRC and MAHEC will be settled using parcels of land owned by PRC. Subject to the other specific terms of the MOU, the settlement shall be effective upon completion of titling of the subject property, which is currently ongoing. However, the advances to MAHEC was fully paid through cash settlement as at December 31, 2015.

On February 19, 2016, the parties made amendments to the previously issued MOU for the settlement of all outstanding liabilities of TWGI and MAHEC to the Company. The amended MOU stated that MAHEC shall no longer be a party to the said MOU, and all references to any obligation or rights that MAHEC shall have under the said MOU shall no longer be in force. All other terms and conditions shall remain unchanged.

As at December 31, 2016, the fair value of PRC's land based on valuation performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the land being valued, amounted to P1.63 billion.

On December 21, 2015, the Company granted advances to Crisanta Realty with an interest of 2% and maturity on December 21, 2020. It was agreed that Crisanta Realty has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses or fails to pay the principal and interest within the time agreed upon, the same shall be due and demandable. Accretion income and expense of P7.40 million and P40.46 million was recognized in 2016 and 2015, respectively, in profit or loss to show the effect of the time value of money on the said advances.

b. Noninterest-bearing Advances to Related Parties

The Company has noninterest-bearing, collateral free advances to PHES and East Asia with no fixed term of repayment. The said advances are due on demand.

The collectability of the aforementioned advances is unconditionally recognized and guaranteed by a stockholder of the Company, representing the majority shareholders.

c. Due to Related Parties

In the ordinary course of business, the Company obtains noninterest-bearing, collateral-free cash and non-cash advances from related parties for working capital purposes, as well as to finance the construction of its hotel projects. The above advances are due and demandable at anytime.

d. Advances to Subsidiaries

These mainly represent funds provided to support subsidiaries' daily operations and to finance the construction and completion of certain hotel projects (see Note 4). These include interest charges on loans (see Note 8).

e. Deposits to Subsidiaries

These represent amounts set aside that will be used as subscription payments by the Company once the planned increase in the authorized capital stock of the subsidiaries materialize (see Note 4).

All related party balances, other than those included in the MOU in Note 5a, are expected to be settled in cash.

Total interest income on the abovementioned advances amounted to P30.43 million, P31.73 million and P31.66 million in 2016, 2015 and 2014, respectively.

- f. Details of the allowance for impairment losses related to due from and advances to related parties are as follows:

| | 2016 | 2015 |
|--------|---------------------|---------------------|
| WHMC | P87,307,630 | P88,611,186 |
| TWGI | 59,619,429 | 59,619,429 |
| MBI | 42,144,074 | - |
| WWGI | 13,646,784 | - |
| WFC | 6,240,909 | - |
| Others | 1,565,778 | 1,565,778 |
| | P210,524,604 | P149,796,393 |

6. Property and Equipment

Movements in this account are as follows:

| | For the Year Ended December 31, 2016 | | |
|---------------------------------|--------------------------------------|---|-------------------|
| | Leasehold Improvements | Furniture, Fixtures and Equipment | Total |
| Cost | P4,815,980 | P1,767,795 | P6,583,775 |
| Accumulated Depreciation | | | |
| Beginning balance | 3,594,570 | 1,657,135 | 5,251,705 |
| Depreciation | 212,419 | 87,803 | 300,222 |
| Ending balance | 3,806,989 | 1,744,938 | 5,551,927 |
| Carrying Amount | P1,008,991 | P22,857 | P1,031,848 |

| | For the Year Ended December 31, 2015 | | |
|---------------------------------|--------------------------------------|---|-------------------|
| | Leasehold Improvements | Furniture, Fixtures and Equipment | Total |
| Cost | P4,815,980 | P1,767,795 | P6,583,775 |
| Accumulated Depreciation | | | |
| Beginning balance | 3,382,151 | 1,557,161 | 4,939,312 |
| Depreciation | 212,419 | 99,974 | 312,393 |
| Ending balance | 3,594,570 | 1,657,135 | 5,251,705 |
| Carrying Amount | P1,221,410 | P110,660 | P1,332,070 |

7. Accrued Expenses and Other Payables

This account consists of:

| | <i>Note</i> | 2016 | 2015 |
|---|-------------|---------------------|---------------------|
| Accrued interest and penalties - SSS loan | 8 | P866,355,691 | P806,313,585 |
| Others | | 1,326,472 | 544,300 |
| | | P867,682,163 | P806,857,885 |

8. Loan Payable

SSS Loan

On October 28, 1999, the Company 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 Wellex Industries, Inc. (WII), a related party and by the assignment of 200 million common shares of the 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, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the 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 P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The 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 Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Company, WII and TWGI expired.

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

On May 13, 2004, SSS filed a civil suit against the Company for the collection of the total outstanding loan obligation before the Regional Trial Court (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 P452.80 million. After the lapse of three (3) months from the issuance of RTC order, no attachment bond was posted. Thus on September 16, 2004 and September 17, 2004, the 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 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 Company filed its opposition to the said Motion.

On July 18, 2005, the RTC of Quezon City issued its third order denying the Company's petition and granted SSS the thirty (30) day extension to post the said attachment bond. Accordingly, on August 25, 2005, the 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 P452.80 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the 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 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 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 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 Company is charging WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan. Penalties are inclusive of legal fees and other related expenses relative to the filing of the deficiency claim against the Company by SSS. The proceeds of the loan were substantially used in the expansion and improvement of WCCCHI's operations.

The Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Company to return to SSS the principal amount of loan amounting to P375 million and directed the SSS to return to the Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS filed an appeal with the CA assailing the RTC of Quezon City decision in favor of the Company, et al. SSS filed its Appellant's Brief and the Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Company from the Philippine Mediation Center Unit – Court of Appeals (PMCU-CA) directing the Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

As at the report date, both parties have not yet appeared before the PMCU-CA for the settlement of the dispute.

Outstanding principal balance of the loan amounted to P375 million as at December 31, 2016 and 2015. Accrued interest and penalties, presented as "Accrued interest and penalties - SSS loan" under "Accrued expenses and other payables in the statement of financial position, amounted to P866.36 million and P806.31 million as at December 31, 2016 and 2015, respectively (see Note 7).

9. Other General and Administrative Expenses

This account is broken down as follows:

| | <i>Note</i> | 2016 | 2015 | 2014 |
|-----------------|-------------|-------------------|-------------------|-------------------|
| Utilities | | P1,353,214 | P1,371,129 | P1,248,694 |
| Depreciation | 6 | 300,222 | 312,393 | 312,393 |
| Directors' fees | | 200,000 | 200,000 | 300,000 |
| Security | | - | 45,040 | 345,315 |
| Others | | 563,591 | 760,312 | 248,584 |
| | | P2,417,027 | P2,688,874 | P2,454,986 |

Others include expenses on employees' allowances, postal services, and other miscellaneous expenses.

10. Income Taxes

The Company's current income tax expense in 2016, 2015 and 2014 represents regular corporate income tax being the higher amount compared to minimum corporate income tax (MCIT). The MCIT is computed at 2% of gross taxable income as defined under the income tax regulations.

The reconciliation of the expected provision for income tax computed at the statutory tax rate to the actual income tax expense shown in the separate statement of comprehensive income is as follows:

| | 2016 | 2015 | 2014 |
|------------------------------------|----------------------|-----------------------|----------------------|
| Loss before income tax | (P46,580,983) | (P280,026,807) | (P49,109,068) |
| Income tax benefit at 30% | (P13,974,295) | (P84,008,042) | (P14,732,720) |
| Tax effects of: | | | |
| Nondeductible expenses | 20,757,425 | 88,443,202 | 18,990,944 |
| Income not subjected to income tax | (2,611,062) | - | - |
| | P4,172,068 | P4,435,160 | P4,258,224 |

11. Right to Provide Venue for Land-based Casinos

PAGCOR has granted the Company the right to provide venue for land-based casinos. By virtue of this right, the Company's subsidiaries, namely WCCCHI, WMCHI and APHC, have existing lease agreements with PAGCOR.

The agreements involve lease by PAGCOR of certain hotel spaces to be used as venue for PAGCOR's casino operations. The agreements were for a period of five years which expired on August 2, 2016 for WCCCHI and WMCHI and December 31, 2016 for APHC.

As at December 31, 2016, the management of the Company is still negotiating with PAGCOR for the renewal of the lease. Currently, PAGCOR pays WCCCHI, WMCHI and APHC rental on a month-to-month basis.

12. Equity

Capital Stock

Details of capital stock as at December 31, 2016 and 2015 are as follows:

| | Number of common shares | Amount |
|---------------------------------------|----------------------------|----------------|
| Authorized capital stock: | | |
| Common shares at P1 par value each | 5,000,000,000 | P5,000,000,000 |
| Issued and outstanding | 2,498,991,753 | P2,498,991,753 |

A summary of the Company's securities registration is as follows:

| <u>Date of Registration/Listing</u> | <u>Securities</u> |
|---|---|
| March 17, 1995 (Initial Public Offering) | 112.50 million shares On October 7, 1994, the SEC approved the increase in the authorized capital stock of the Company to P450 million divided into 450 million shares with a par value of P1 per share, out of which, 337.50 million shares were already subscribed. |
| April 18, 1996 | 944.97 million shares On September 18, 1995, the BOD resolved to increase the authorized capital stock of the Company to P2 billion divided into 2 billion shares with a par value of P1 per share. The purpose of the increase was to finance the construction of WCCCHI's hotel project. |
| December 15, 1999 | 888.47 million shares On August 7, 1999, the BOD resolved to increase the authorized capital stock of the Company to P5 billion divided into 5 billion shares with a par value of P1 per share. The purpose of the increase was to accommodate the acquisition of DIHCI's outstanding common shares for 888.47 million shares of the Company with an offer price of P2.03 per share. |

The Company has not sold any unregistered securities for the past three years. As at December 31, 2016, 1.95 billion shares of the Company are listed in the PSE and has a total of 457 shareholders.

On July 20, 2007, the BOD resolved to increase the authorized capital stock of the Company to P10 billion with 10 billion shares at par value of P1 per share. This resolution was ratified by the 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 Company. As at December 31, 2016, the Company has no updated plans to increase its authorized capital stock, or to modify any issued shares or to exchange them to another class.

As at December 31, 2016, there is no update on the status of the proposed increase in the authorized capital stock of the Company.

Capital Management

The Company's capital consists of capital stock (common stock), additional paid-in capital and deficit as shown in the separate statement of changes in equity.

The primary objective of the Company's capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Company's overall strategy remains unchanged for 2016 and 2015.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2016 and 2015.

The Company is not subject to externally-imposed capital requirements.

13. Financial Instruments – Fair Values and Risk Management

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Company. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Company's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Company's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are credit and liquidity risks.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from related parties. There has been no change to the Company's exposure to credit risks or the manner in which it manages and measures the risk since prior financial year.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial position (or in the detailed analysis provided in the notes to the financial statements), as summarized below:

| | Note | 2016 | 2015 |
|--|------|-----------------------|-----------------------|
| Cash | | P672,364 | P72,050 |
| Advances to subsidiaries - net | 4 | 510,912,654 | 581,059,039 |
| Deposits for future stock subscription | 4 | 1,000,000,000 | 1,054,000,000 |
| Due from related parties - net | 5 | 1,613,012,567 | 1,671,853,564 |
| | | P3,124,597,585 | P3,306,984,653 |

Except for the impaired due from related parties amounting to P61.19 million and advances to WHMC amounting to P87.31 million, management believes that all its financial assets are of standard grade and of good credit quality. Standard grade financial assets are those past due but not impaired receivables and with fair collection status. This category includes credit grades 4-5. The standard grade category includes those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a considerable length of time.

The following table summarized the aging and credit quality of the Company's financial assets as at December 31:

| 2016 | Total | Neither Past Due nor Impaired | Past Due but not Impaired | | | | |
|--|-------------------|--|---------------------------|---------------|---------------|-------------------|-----------------|
| | | | <30 Days | 31-60 Days | 61-90 Days | >90 Days | Impaired |
| Cash in bank | P672 | P672 | P - | P - | P - | P - | P - |
| Advances to subsidiaries | 606,253 | 510,913 | - | - | - | - | 95,340 |
| Deposits for future stock subscription | 1,054,000 | 1,000,000 | - | - | - | - | 54,000 |
| Due from related parties | 1,613,012 | 340,197 | - | - | - | 1,211,630 | 61,185 |
| | P3,273,937 | P1,851,782 | P - | P - | P - | P1,211,630 | P210,525 |

| 2015 | Total | Neither Past Due nor Impaired | Past Due but not Impaired | | | | |
|--|-------------------|-------------------------------------|---------------------------|---------------|---------------|-------------------|-----------------|
| | | | <30 Days | 31-60 Days | 61-90 Days | >90 Days | Impaired |
| Cash in bank | P72 | P72 | P - | P - | P - | P - | P - |
| Advances to subsidiaries | 669,669 | 581,058 | - | - | - | - | 88,611 |
| Deposits for future stock subscription | 1,054,000 | 1,054,000 | - | - | - | - | - |
| Due from related parties | 1,671,854 | 332,797 | - | - | - | 1,277,872 | 61,185 |
| | P3,395,595 | P2,065,848 | P - | P - | P - | P1,277,872 | P149,796 |

The credit quality of the Company'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 Company's due from related parties that are impaired as at December 31, 2016 and 2015 is disclosed in Note 5 to the separate financial statements.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. In the management of liquidity risk, the Company monitors and maintains a level of cash deemed adequate by management to finance its activities. Additional short-term funding is obtained thru related party advances and from bank loans, when necessary.

The financial liabilities of the Company at the reporting date include accrued expenses and other payables which are all short-term in nature and are payable within one year from the reporting date. In order to meet its maturing financial obligations, the Company will use the cash collections from its related parties.

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, based on contractual undiscounted payments (in thousands):

| 2016 | Total Carrying Amount | Contractual Undiscounted Payments | | | | |
|-------------------------------------|-----------------------|-----------------------------------|-------------------|------------------|--------------|------------|
| | | Total | On Demand | Less than 1 Year | 1 to 5 Years | > 5 Years |
| Accrued expenses and other payables | P867,682 | P867,682 | P867,682 | P - | P - | P - |
| Loan payable | 375,000 | 375,000 | 375,000 | - | - | - |
| Due to related parties | 771,371 | 771,371 | 771,371 | - | - | - |
| | P2,014,053 | P2,014,053 | P2,014,053 | P - | P - | P - |

| 2015 | Total Carrying Amount | Contractual Undiscounted Payments | | | | |
|-------------------------------------|-----------------------|-----------------------------------|-------------------|------------------|--------------|------------|
| | | Total | On Demand | Less than 1 Year | 1 to 5 Years | > 5 Years |
| Accrued expenses and other payables | P806,858 | P806,858 | P806,858 | P - | P - | P - |
| Loan payable | 375,000 | 375,000 | 375,000 | - | - | - |
| Due to related parties | 964,642 | 964,642 | 964,642 | - | - | - |
| | P2,146,500 | P2,146,500 | P2,146,500 | P - | P - | P - |

Fair Value of Financial Instruments

The table below summarizes the carrying amounts and fair values of the Company's financial assets and liabilities as at December 31, 2016 and 2015 (in thousands):

| | 2016 | | 2015 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Carrying Amounts | Fair Values | Carrying Amounts | Fair Values |
| Financial Assets | | | | |
| Loans and receivables: | | | | |
| Cash | P672 | P672 | P72 | P72 |
| Advances to subsidiaries - net | 510,913 | 510,913 | 581,058 | 581,058 |
| Deposits for future stock subscription | 1,000,000 | 1,000,000 | 1,054,000 | 1,054,000 |
| Due from related parties - net | 1,613,012 | 1,613,012 | 1,671,854 | 1,671,854 |
| | P3,124,597 | P3,124,597 | P3,306,984 | P3,306,984 |

| | 2016 | | 2015 | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Carrying Amounts | Fair Values | Carrying Amounts | Fair Values |
| Financial Liabilities | | | | |
| Other financial liabilities: | | | | |
| Accrued expenses and other payables | P867,682 | P867,682 | P806,858 | P806,858 |
| Loan payable | 375,000 | 375,000 | 375,000 | 375,000 |
| Due to related parties | 771,371 | 771,371 | 964,642 | 964,642 |
| | P2,014,053 | P2,014,053 | P2,146,500 | P2,146,500 |

The carrying amount of cash, current portion of due from related parties, advances to subsidiaries and accrued expenses and other payables approximate their fair values due to their short-term maturities. The carrying amount of the noncurrent portion of due from related parties is based on its discounted future cash flows using prevailing market interest rates and therefore approximates its fair value. Due to related parties have no fixed terms of repayment yet and are therefore payable on demand. The loan from SSS is payable immediately as a result of the RTC of Quezon City's decision as discussed in Note 8.

14. Bureau of Internal Revenue Assessment

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

On December 8, 2009, the 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 P3.30 million. However, on January 15, 2010, the 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 value-added tax (VAT) and compromise penalty assessments. The Company 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 Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Company appealed the case to the CTA sitting En Banc on October 21, 2013. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at December 31, 2016, the Company is still awaiting SC's decision.

Management and its legal counsel believe that the position of the Company is sustainable, and accordingly, believe that the Company does not anymore have a present obligation (legal or constructive) with respect to the assessment.

15. Event After the Reporting Period

In relation to the Company's case against SSS as discussed in Note 8, on February 27, 2017, a Second Notice to Appear was issued by PMCU-CA directing the representatives of the Company and SSS to appear on February 27, 2017 at about 11 in the morning. However, the representatives of the Company and the SSS again failed to appear. As a result, PMCU-CA will return the records of the case to the CA and the case will proceed unless the parties will request for another setting for mediation.

16. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these separate financial statements except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards

The Company adopted the following amendments to standards starting January 1, 2016, and accordingly, changed its accounting policies. The adoption of these amendments to standards did not have any significant impact on the Company's separate financial statements.

- *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:
 - Information should not be obscured by aggregating or by providing immaterial information.
 - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
 - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
 - An entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Financial Instruments

Financial Assets

The Company classifies financial assets in the following categories: financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) financial assets, and available-for-sale (AFS) financial assets. The Company'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 Company only holds financial assets classified as 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 Company's cash, due from related parties and advances to subsidiaries are classified as loans and receivables as at December 31, 2016 and 2015.

(b) Initial Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized on trade date when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognized when:

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

(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 Company 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 Company 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 Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(e) Impairment

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

Impairment of advances to and due from related parties financial assets is described in Note 4 and 5 to the separate 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.

Financial Liabilities

(a) Classification

The Company classifies its financial liabilities as financial liabilities at FVPL and other financial liabilities. The Company'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 Company's loan payable, accrued expenses and other payables and due to related parties.

(b) Initial Recognition and Derecognition

Financial liabilities are recognized in the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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 financial liabilities are offset and the net amount reported in the separate statement of financial position when, and only when, the Company currently has a legally enforceable legal right to offset the amounts and intends either to settle them 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 separate statement of financial position.

Investments in Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity if, and only if, the Company 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 Company 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 Company carries its investments in shares of stock of its subsidiaries under the cost method of accounting for investments. Under this method, investments are carried at cost less impairment losses. The investor recognizes income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of the acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization, as well as impairment losses.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. 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 Company. The costs of day-to-day servicing of an asset are recognized as expense in the period in which they are incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of furniture, fixtures and equipment ranging from 5 to 10 years. Leasehold improvements are amortized using the straight-line method over the term of the lease or the estimated useful lives of the improvements, whichever is shorter.

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 Nonfinancial Assets

The carrying amount of the Company'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 (CGU) 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 greater of the asset's fair value less costs of disposal and value in use. Fair value less cost of disposal 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 VIU, the estimated future cash flows are discounted to their present value using a pretax 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 CGU 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.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Interest Income

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

Other Income

Other Income is recognized when earned.

Expense Recognition

Expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred.

Related Parties

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 KMP, 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.

Income Taxes

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

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 is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The deferred tax assets 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.

Capital Stock

Capital stock is classified as equity. Incremental costs directly attributable to the issuance of capital stock and share options are recognized as deduction from equity, net of any tax effects.

Deficit

Deficit includes accumulated results of operations as reported in the separate statement of comprehensive income less any dividends declared. Dividends are recorded in the period in which the dividends are approved by the BOD.

Provisions and Contingencies

A provision is a liability of uncertain timing or amount. It is recognized when the Company has a legal or constructive obligation as a result of a past event; when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the separate financial statements but are disclosed when the inflow of economic benefits is virtually certain.

Events After the End of the Reporting Date

The Company identifies post-year-end events as events that occurred after the reporting date but before the date when the separate financial statements were authorized for issue. Any post-year-end events that provide additional information on conditions that existed at the end of a reporting period (adjusting events) are recognized in the separate financial statements. Events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

New Standards, Amendment to Standards and Interpretations Not Yet Adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2016. However, the Company has not applied the following new or amended standards and interpretations in preparing these separate financial statements. The Company has not yet accounted for and is assessing the impact of these, if any, on the financial statements.

To be Adopted January 1, 2017

- *Disclosure initiative (Amendments to PAS 7)*. The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes – e.g. by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

To be Adopted January 1, 2018

- *PFRS 9, Financial Instruments (2014)*. PFRS 9 (2014) replaces PAS 39 *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

17. Supplementary Information Required Under Revenue Regulations No. 15-2010 of the BIR

In addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS. The following are the tax information required for the taxable year ended December 31, 2016:

A. Withholding Taxes

During the year, the Company withheld expanded withholding tax amounting to P94,000.

B. All Other Taxes (Local and National)

*Other taxes paid during the year recognized under
"Taxes and licenses" account under General and
Administrative Expenses*

License and other fees

P249,352

C. Deficiency Tax Assessments

As at December 31, 2016, the Company is still awaiting SC's decision on its appeal related to the VAT assessment.

RBKPS006



Philippine Depository & Trust Corp.

PCDUSER1

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

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

Business Date 12/29/2016

| BP ID ACCOUNT NO. | BP NAME ADDRESS | ACCOUNT TYPE TELEPHONE NUMBER | ID TYPE ID NUMBER | INVESTOR TYPE COUNTRY | HOLDINGS TAXCODE |
|----------------------|--|--|--|--------------------------|-----------------------|
| 1000000000 5 | UPCC SECURITIES CORP. UNIT 1202 TOWER ONE AND EXCHANGE PLAZ AYALA AVENUE, MAKATI CITY Metropolitan Manila 0 | Omnibus Without Client 8921174 | Tax Identification Number 1 | Domestic PHILIPPINES | 105,500.00 PH10 |
| 1010000000 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 | 282,700.00 PH10 |
| 1020000000 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 | 46,798,111.00 PH10 |
| 1020000000 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 | 1,202,533.00 NWT |
| 1030000000 1 | PHILSTOCKS FINANCIAL INC 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 | 3,914,000.00 FMX1 |

| BP ID | BP NAME | ACCOUNT TYPE | ID TY | INVESTOR TYPE | HOLDINGS |
|-------------------|---|--|--|-------------------------|-----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 10300000000 5 | PHILSTOCKS FINANCIAL INC 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 | 61,922,603.00 PH10 |
| 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 | 84,000.00 PH10 |
| 10500000000 5 | ALL ASIA SECURITIES MANAGEMENT CORP. All Asia Capital Center 105 Pasco 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 | 753,000.00 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 | AP SECURITIES INCORPORATED 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 | 16,316,000.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID TY | INVESTOR TYPE | HOLDINGS |
|-------------------|---|------------------------------------|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | 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 | 1,750,000.00 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 | 6,375,700.00 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 | 4,654,900.00 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 | 10,690,100.00 NWT |
| 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 | 2,661,800.00 PH10 |
| 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 | 95,000.00 NWT |
| 11500000000 18 | 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 | 500,000.00 RA10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID TY | INVESTOR TYPE | HOLDINGS |
|-------------|--|------------------------|---------------------------|---------------|--------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 11600000000 | ASIA PACIFIC CAPITAL EQUITIES & SECURITII CORP. | Omnibus Without Client | Tax Identification Number | Domestic | 832,800.00 |
| 5 | 24/F Galleria Corporate Center EDSA corner Ortigas Avenue, Pasig City Metropolitan Manila 1605 | 6345622-24 | 002-011-914-000 | PHILIPPINES | PH10 |
| 11800000000 | ASIASEC EQUITIES, INC. | Omnibus Without Client | Tax Identification Number | Foreign | 38,500.00 |
| 1 | 8/F Chatham House 116 Valero cor. V.A. Rufino Sts Salcedo Village, Makati City 1227 Metropolitan Manila 1227 | 8937981 | 000-154-961-000 | PHILIPPINES | FMX1 |
| 11800000000 | ASIASEC EQUITIES, INC. | Omnibus Without Client | Tax Identification Number | Domestic | 1,144,500.00 |
| 5 | 8/F Chatham House 116 Valero cor. V.A. Rufino Sts Salcedo Village, Makati City 1227 Metropolitan Manila 1227 | 8937981 | 000-154-961-000 | PHILIPPINES | PH10 |
| 11900000000 | ASTRA SECURITIES CORPORATION | Omnibus Without Client | Tax Identification Number | Domestic | 5,000.00 |
| 5 | Units 1204-1205 Ayala Tower One Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1200 | 848-6421/27 | 000-107-717-000 | PHILIPPINES | PH10 |
| 12100000000 | MACQUARIE CAPITAL SECURITIES (PHILIPPINES), INC. | Settlement | Tax Identification Number | Domestic | 30,000.00 |
| 14 | 22F 6750 AYALA AVENUE BUILDING AYALA AVENUE Makati City Metropolitan Manila 1226 | 857-0885 | 21 | PHILIPPINES | PH10 |
| 12200000000 | BELSON SECURITIES, INC. | Omnibus Without Client | Tax Identification Number | Domestic | 1,154,500.00 |
| 5 | 4th Floor Belson House 271 Edsa, Mandaluyong City Metropolitan Manila 1554 | 724-7586loc21 | 000-154-219-000 | PHILIPPINES | PH10 |
| 12200000000 | BELSON SECURITIES, INC. | Own | Tax Identification Number | Domestic | 100.00 |
| 7 | 4th Floor Belson House 271 Edsa, Mandaluyong City Metropolitan Manila 1554 | 724-7586loc21 | 000-154-219-000 | PHILIPPINES | NWT |

| BP ID ACCOUNT NO. | BP NAME ADDRESS | ACCOUNT TYPE TELEPHONE NUMBER | ID TY ID NUMBER | INVESTOR TYPE COUNTRY | HOLDINGS TAXCODE |
|----------------------|--|---------------------------------------|--|--------------------------|-----------------------|
| 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 | 2,266,500.00 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 004-500-728-000 | 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 004-500-728-000 | 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 | 210,200.00 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 | 11,988,019.00 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 | 797,802.00 PH10 |
| 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 |

| BP ID | BP NAME | ACCOUNT TYPE | ID TY | INVESTOR TYPE | HOLDINGS |
|-------------------|---|-------------------------------------|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 12800000000 18 | CAMPOS, LANUZA & COMPANY, INC. Unit 2003B East Tower, PSE Center Exchange Road, Ortigas Center Pasig City Metropolitan Manila 1605 | Settlement 634-6881/87 | Tax Identification Number 000-155-524-000 | Foreign PHILIPPINES | 2,800,000.00 RA10 |
| 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 | 531,000.00 PH10 |
| 13100000000 5 | BDO NOMURA 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 | 60,000.00 PH10 |
| 13100000000 6 | BDO NOMURA SECURITIES INC 8/F PCIB Tower 2, Dela Costa St., Makati City Metropolitan Manila 1002 | Settlement 8912028 | Tax Identification Number 30 | Domestic PHILIPPINES | 4,200.00 NWT |
| 13100000048 1 | BDO NOMURA SECURITIES INC FAO PCIB SECURITIES CLIENTS 17TH FLOOR BDO EQUITABLE TOWER, 8751, PASEO DE ROXAS, MAKATI CITY Metropolitan Manila STMT-E | Client 688-1200-41115 | Tax Identification Number 13100000048 | Domestic PHILIPPINES | 190,900.00 PH10 |
| 13300000000 5 | CITISECURITIES, INC. Rm. 2701-B Tektite Tower Center Exchange Rd, Pasig City Metropolitan Manila 1600 | Omnibus Without Client 635-5735 | Tax Identification Number 000-322-268-000 | Domestic PHILIPPINES | 7,218,350.00 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 003-741-374-000 | Domestic PHILIPPINES | 1,924,450.00 PH10 |
| 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 | 2,495,000.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID TY | INVESTOR TYPE | HOLDINGS |
|-------------------|---|---------------------------------------|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | 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 PHILIPPINES, 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. UNIT 2702D EAST TOWER, PHILIPPINE STOCK EXCHANGE CENTRE, EXCHANGE ROAD, ORTIGUEIRA CENTER, PASIG CITY Metropolitan Manila 1006 | Omnibus Without Client 650-6588 | Tax Identification Number 000-320-855-000 | Domestic PHILIPPINES | 4,987,000.00 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 | 842,800.00 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 | 6,740,600.00 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 |

| BP ID | BP NAME | ACCOUNT TYPE | ID TY | INVESTOR TYPE | HOLDINGS |
|------------------|---|---------------------------------------|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 |
| 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 000-158-383-000 | 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 | 2,492,200.00 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 | 412,300.00 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 | 4,133,300.00 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 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T. | INVESTOR TYPE | HOLDINGS |
|------------------|---|--|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 | 1,242,100.00 PH10 |
| 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 |
| 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 | 729,700.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID TYPE | INVESTOR TYPE | HOLDINGS |
|-------------------|---|---------------------------------------|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | 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 | 1,226,000.00 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 | 20,400.00 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 | 481,650.00 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 | 506,100.00 PH10 |
| 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 | 4,233,600.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID TYPE | INVESTOR TYPE | HOLDINGS |
|-------------------|---|--|--|-------------------------|--------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 17400000000 18 | HDI SECURITIES, INC. UNIT 2305-B 23/F ORIENT SQUARE BLDG., F. ORTIGAS, JR. ROAD, ORTIGAS CENTRE, PASIG CITY, 1605 Metropolitan Manila 1605 | Settlement 891-9598 | Tax Identification Number 001-670-271-000 | Foreign PHILIPPINES | 300,000.00 RA10 |
| 17500000000 5 | H. E. BENNETT SECURITIES, INC. Rm. 1704 World Trade Exchange Bldg., 215 Juan Lur St., Binondo, Manila Metropolitan Manila 1006 | Omnibus Without Client 242-5733 | Tax Identification Number 000-334-004 | Domestic PHILIPPINES | 170,000.00 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 | 30,000.00 PH10 |
| 18000000000 5 | I. B. GIMENEZ SECURITIES, INC. 3/F NEW ROSARIO ORTIGAS ARCADE, NO. 42, ORTIGAS EXTENSION, ROSARIO, PASIG CITY Metropolitan Manila 1600 | Omnibus Without Client 628-0000-325-336 | Tax Identification Number 000-329-846-000 | Domestic PHILIPPINES | 583,097.00 PH10 |
| 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 | 945,600.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|------------------|--|------------------------------------|--|-------------------------|--------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 | 183,800.00 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 | 289,400.00 PH10 |
| 18700000000 5 | ASIAN CAPITAL EQUITIES, INC. 6/F Tower 1 & Exchange Plaza Ayala Ave., cor Pasco 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 | 64,000.00 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 5 | STRATEGIC EQUITIES CORP. Unit 610-611 PSE Plaza, Tower I, Ayala Triangle, Ayala Ave., Makati City Metropolitan Manila 1226 | Omnibus Without Client 759-4055 | Tax Identification Number 89 | Domestic PHILIPPINES | 743,900.00 PH10 |
| 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 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|-------------------|--|---------------------------------------|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 | 3,022,200.00 PH10 |
| 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 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|-------------------|---|---------------------------------------|--|-------------------------|-----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 | 1,304,000.00 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 | 46,699,702.00 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 | 2,224,200.00 PH10 |
| 20500000000 5 | MERCANTILE SECURITIES CORP. UNIT 804 FORT LEGEND TOWERS 3RD AVENUI COR. 31ST ST. FORT BONIFACIO GLOBAL CITY TAGUIG CITY Metropolitan Manila 1226 | Omnibus Without Client 501-8872 | Tax Identification Number 000-161-457-000 | Domestic PHILIPPINES | 1,038,800.00 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 | 675,700.00 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 | 87,900.00 PH10 |
| 20900000000 4 | DEUTSCHE REGIS PARTNERS, INC. 23/F Tower I, Ayala Triangle, Makati City Metropolitan Manila 1226 | Settlement 894-6620 | Tax Identification Number 000-594-804-000 | Foreign PHILIPPINES | 5,300.00 RA02 |
| 20900000000 14 | DEUTSCHE REGIS PARTNERS, INC. 23/F Tower I, Ayala Triangle, Makati City Metropolitan Manila 1226 | Settlement 894-6620 | Tax Identification Number 000-594-804-000 | Domestic PHILIPPINES | 66,000.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|------------------|--|---------------------------------------|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 | 186,000.00 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 | 1,341,000.00 PH10 |
| 21300000000 5 | NIEVES SECURITIES, INC. UNIT 106, G/F TYTANA PLAZA V. TYTANA COR INSULAR STS. PLAZA LORENZO RUIZ, BINONE MANILA CITY Metropolitan Manila 1006 | Omnibus Without Client 4777888 | Tax Identification Number 000-333-999-000 | Domestic PHILIPPINES | 200,000.00 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 000-287-524-000 | Domestic PHILIPPINES | 384,750.00 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 | 556,300.00 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 | 452,500.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID TY | INVESTOR TYPE | HOLDINGS |
|-------------------|--|-------------------------------------|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 21900000000 5 | PAPA SECURITIES CORPORATION GROUND FLOOR, ACE BUILDING, DE LA ROSA CORNER RADA ST., LEGASPI VILLAGE, MAKATI CITY Metropolitan Manila 1200 | Omnibus Without Client 817-8433 | Tax Identification Number 000-215-520 | Domestic PHILIPPINES | 5,330,200.00 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 | 14,754,199.00 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 | 2,561,151.00 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 | 4,423,000.00 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 | 3,231,260.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|------------------|--|---------------------------------------|--|-------------------------|-----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 | 1,875,600.00 PH10 |
| 22800000000 5 | PRYCE SECURITIES, INC. 15/F PRYCE CENTER BUILDING, 1179 CHINO RO 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 | 12,569,800.00 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 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|------------------|--|--|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 |
| 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 | 3,155,800.00 PH10 |
| 23500000000 5 | REGINA CAPITAL DEVELOPMENT CORPORATI Unit 806 Tower I & Exchange Plaza Ayala Triangle, Ayala Avenue Makati City Metropolitan Manila 1226 | Omnibus Without Client 848-5482/84 | Tax Identification Number 131 | Domestic PHILIPPINES | 3,322,332.00 PH10 |
| 23500000000 6 | REGINA CAPITAL DEVELOPMENT CORPORATI Unit 806 Tower I & 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. Rm 405 Co Ban Kiat Building II, 231 Juan Luna St., Binondo, Manila Metropolitan Manila 1006 | Omnibus Without Client 242-1596 | Tax Identification Number 132 | Domestic PHILIPPINES | 4,017,100.00 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 | 2,067,700.00 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 | 1,258,400.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|------------------|---|---|--|-------------------------|-----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 | 475,100.00 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 | 604,500.00 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. 8/F LTA BLDG 118 PEREA ST LEGASPI VILLAGI MAKATI CITY 1226 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 | 3,947,300.00 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 | 13,021,800.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|------------------|---|---|--|-------------------------|-----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 Ju Luna St., Binondo, Manila Metropolitan Manila 1006 | Omnibus Without Client 241-7155 | Tax Identification Number 146 | Domestic PHILIPPINES | 1,218,200.00 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 | 379,700.00 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 | 15,829,100.00 PH10 |
| 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 |
| 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 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|------------------|---|------------------------------------|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 | 2,726,200.00 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 |
| 26000000000 2 | UOB KAY HIAN SECURITIES (PHILS.), INC. UOB Kay Hian Securities (Phils.), Inc. Unit 404 LV Locsin Bldg. 6752 Ayala Avenue, cor. Makati Avenue, 1226, Makati City Metropolitan Manila 1200 | Settlement 887-7973 | Tax Identification Number 155 | Foreign PHILIPPINES | 4,220,000.00 FMX1 |
| 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 | 156,500.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|------------------|--|---------------------------------------|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 26300000000 6 | VENTURE SECURITIES, INC. Unit 811 Tower One & Exchange Plaza Ayala Triangle Ayala Ave. cor. Paseo de Roxas Makati City Metropolitan Manila 1226 | Settlement 8486505 | Tax Identification Number 158 | Domestic PHILIPPINES | 2,520,400.00 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 | 2,631,000.00 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 | 30,000.00 FMX1 |
| 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 | 9,480,935.00 NWT |
| 26900000000 1 | 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 | Foreign PHILIPPINES | 700,000.00 FMX1 |
| 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 | 6,477,450.00 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|------------------|---|------------------------------------|--|-------------------------|------------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 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 | 3,090,000.00 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 | 132,162,540.00 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 | 13,328,000.00 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 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|-------------------|---|---|--|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCODE |
| 27500000000 5 | YAO & ZIALCITA, INC. Yao & Zialcita, Inc., 5G Vernida I Condominium, 120 Amorsolo St., Legaspi Village, Makati City Metropolitan Manila | Omnibus Without Client 5274019 to 21 | Tax Identification Number 170 | Domestic PHILIPPINES | 2,875,500.00 PH10 |
| 27800000000 5 | YU & COMPANY, INC. Unit E 1606-B Tektite Tower I Exchange Road, Ortiga Center Pasig City Metropolitan Manila 1600 | Omnibus Without Client 634-6248 | Tax Identification Number 000-324-373-000 | Domestic PHILIPPINES | 6,531,000.00 PH10 |
| 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 | 4,123,000.00 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 | 340,000.00 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 |
| 28200000000 14 | 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 | 71,500.00 PH10 |
| 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 | 1,063,800.00 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 |

| BP ID | BP NAME | ACCOUNT TYPE | ID TYPE | INVESTOR TYPE | HOL |
|------------------|--|------------------------------------|--|-------------------------|---------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | TAXCOD |
| 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 | 1,73 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 | 3,317 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 | 52 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 | 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 | 73 PH10 |
| 33800000000 8 | PHILIPPINE EQUITY PARTNERS, INC. Unit 19C Citibank Tower Citibank Plaza 8741 Paseo Roxas Makati City Metropolitan Manila 1226 | Settlement 8145788 | Tax Identification Number 213-130-068-000 | Domestic PHILIPPINES | 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 | 77 PH10 |

| BP ID | BP NAME | ACCOUNT TYPE | ID T | INVESTOR TYPE | HOLDINGS |
|------------------|---|---|---|-------------------------|----------------------|
| ACCOUNT NO. | ADDRESS | TELEPHONE NUMBER | ID NUMBER | COUNTRY | 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 | 22,000.00 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 | 300,000.00 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 | 11,000.00 FMX1 |
| 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 | 1,200,000.00 PH10 |
| HSBC1000000 1 | THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT. HSBC Securities Services 12th Floor, The Enterprise Center, Tower I 6766 Ayala Avenue corner Paseo de Roxas Makati City Metropolitan Manila 1200 | Own 8145200 | Tax Identification Number 951 | Foreign PHILIPPINES | 22,000.00 FMX1 |
| SCBK1000000 1 | STANDARD CHARTERED BANK 6756 Ayala Avenue Makati City Metropolitan Manila 1200 | Own 878-2879 | Tax Identification Number 957 | Foreign PHILIPPINES | 810,000.00 FMX1 |
| Total Holdings | | | | : | 610,273,174.00 |

| | | | TOTAL HOLDINGS (SUBSCRIBED) | | PERCENTAGE TO TOTAL | NATIONALITY |
|----|---|---------------|-----------------------------------|---------------|---------------------------|-------------|
| 1 | THE WELLEX GROUP, INC. | 1,143,466,800 | 0 | 1,143,466,800 | 45.757 | FILIPINO |
| 2 | PCD NOMINEE CORP. (FILIPINO) | 575,545,174 | 0 | 575,545,174 | 23.031 | FILIPINO |
| 3 | SILVER GREEN INVESTMENTS LTD. | 180,230,000 | 0 | 180,230,000 | 7.212 | OTHERS |
| 4 | CHESA HOLDINGS, INC. | 175,924,000 | 0 | 175,924,000 | 7.040 | FILIPINO |
| 5 | TYBALT INVESTMENT LTD. | 135,010,000 | 0 | 135,010,000 | 5.403 | BRITISH |
| 6 | PACIFIC WIDE REALTY DEVELOPMENT CORP. | 36,445,000 | 0 | 36,445,000 | 1.458 | FILIPINO |
| 7 | PCD NOMINEE CORP. (NON-FILIPINO) | 34,728,000 | 0 | 34,728,000 | 1.390 | OTHERS |
| 8 | KENNETH T. GATCHALIAN | 30,000,100 | 0 | 30,000,100 | 1.200 | FILIPINO |
| 9 | REXLON T. GATCHALIAN | 30,000,000 | 0 | 30,000,000 | 1.200 | FILIPINO |
| 10 | WESLIE T. GATCHALIAN | 30,000,000 | 0 | 30,000,000 | 1.200 | FILIPINO |
| 11 | FORUM HOLDINGS CORPORATION | 20,626,000 | 0 | 20,626,000 | 0.825 | FILIPINO |
| 12 | PRIMARY STRUCTURES CORPORATION | 16,212,500 | 0 | 16,212,500 | 0.649 | FILIPINO |
| 13 | PACIFIC REHOUSE CORPORATION | 15,598,900 | 0 | 15,598,900 | 0.624 | FILIPINO |
| 14 | REXLON GATCHALIAN | 14,740,000 | 0 | 14,740,000 | 0.590 | FILIPINO |
| 15 | METRO ALLIANCE HOLDINGS & EQUITIES, INC. | 14,370,000 | 0 | 14,370,000 | 0.575 | FILIPINO |
| 16 | MIZPAH HOLDINGS, INC. | 10,489,200 | 0 | 10,489,200 | 0.420 | FILIPINO |
| 17 | ELVIRA A. TING | 10,000,009 | 0 | 10,000,009 | 0.400 | FILIPINO |
| 18 | CATALINA ROXAS MELENDRES | 6,246,000 | 0 | 6,246,000 | 0.250 | FILIPINO |
| 19 | MANUEL H. OSMENA &/OR MANUEL L. OSMENA II | 1,400,000 | 0 | 1,400,000 | 0.056 | FILIPINO |
| 20 | ROLANDO M. LIM | 1,142,500 | 0 | 1,142,500 | 0.046 | FILIPINO |
| 21 | FELIPE A CRUZ JR. | 1,100,000 | 0 | 1,100,000 | 0.044 | FILIPINO |
| 22 | LI CHIH-HUI | 1,000,000 | 0 | 1,000,000 | 0.040 | TAIWANESE |
| 23 | MARIA CONCEPCION CRUZ | 876,000 | 0 | 876,000 | 0.035 | FILIPINO |
| 24 | FREYSSINET PHILIPPINES, INC. | 770,000 | 0 | 770,000 | 0.031 | FILIPINO |
| 25 | BENSON COYUCO | 605,000 | 0 | 605,000 | 0.024 | FILIPINO |
| 26 | LUCENA B. ENRIQUEZ | 552,000 | 0 | 552,000 | 0.022 | FILIPINO |
| 27 | EMILY LIM | 500,000 | 0 | 500,000 | 0.020 | FILIPINO |
| 28 | DEE HUA T. GATCHALIAN | 350,000 | 0 | 350,000 | 0.014 | FILIPINO |
| 29 | MARVIN J. GIROUARD | 330,000 | 0 | 330,000 | 0.013 | FILIPINO |
| 30 | ARTHUR H. OSMENA &/OR JANE Y. OSMENA | 330,000 | 0 | 330,000 | 0.013 | FILIPINO |
| 31 | JOSE YAP &/OR CONCHITA YAP | 330,000 | 0 | 330,000 | 0.013 | FILIPINO |
| 32 | ESTHER A. VIBAL | 324,500 | 0 | 324,500 | 0.013 | FILIPINO |
| 33 | DAVID LAO OSMENA | 314,600 | 0 | 314,600 | 0.013 | FILIPINO |
| 34 | CANDICE CHOA COCUACO | 300,000 | 0 | 300,000 | 0.012 | FILIPINO |
| 35 | ANA L. GO | 300,000 | 0 | 300,000 | 0.012 | FILIPINO |
| 36 | SEGUNDO SEANGIO &/OR VIRGINIA SEANGIO | 297,000 | 0 | 297,000 | 0.012 | FILIPINO |
| 37 | CHARTERED COMMODITIES CORPORATION | 294,999 | 0 | 294,999 | 0.012 | FILIPINO |
| 38 | DOMINGO C GO | 275,000 | 0 | 275,000 | 0.011 | FILIPINO |
| 39 | DAVID LAO OSMENA | 275,000 | 0 | 275,000 | 0.011 | FILIPINO |
| 40 | GARY GO DYCHIAO | 200,000 | 0 | 200,000 | 0.008 | FILIPINO |
| 41 | MERIDIAN SEC., INC. A/C# 844 | 200,000 | 0 | 200,000 | 0.008 | FILIPINO |

| | | | TOTAL HOLDINGS (SUBSCRIBED) | | PERCENTAGE TO TOTAL | NATIONALITY |
|----|--|---------|-----------------------------------|---------|---------------------------|-------------|
| 42 | CRISTINO NAGUIAT, JR. | 181,500 | 0 | 181,500 | 0.007 | FILIPINO |
| 43 | WILLIE TIO | 159,500 | 0 | 159,500 | 0.006 | FILIPINO |
| 44 | BETO Y. LIM | 150,000 | 0 | 150,000 | 0.006 | FILIPINO |
| 45 | PIERCE INTERLINK SECURITIES, INC. | 150,000 | 0 | 150,000 | 0.006 | FILIPINO |
| 46 | AURORA V. SAN JOSE | 143,000 | 0 | 143,000 | 0.006 | FILIPINO |
| 47 | YAN TO A. CHUA | 132,000 | 0 | 132,000 | 0.005 | FILIPINO |
| 48 | CELY S. LIM | 112,200 | 0 | 112,200 | 0.004 | FILIPINO |
| 49 | DEWEY CHOACHUY, JR. | 111,300 | 0 | 111,300 | 0.004 | FILIPINO |
| 50 | WILSON CHUA &/OR BECKY QUE CHUA | 110,000 | 0 | 110,000 | 0.004 | FILIPINO |
| 51 | WANG YU HUEI | 110,000 | 0 | 110,000 | 0.004 | OTHERS |
| 52 | KENSTAR INDUSTRIAL CORPORATION | 110,000 | 0 | 110,000 | 0.004 | FILIPINO |
| 53 | JOHN CRHISTOPHER D. WEIGEL | 110,000 | 0 | 110,000 | 0.004 | FILIPINO |
| 54 | WATERFRONT NOMINEES SDN BHD A/C#6 | 107,800 | 0 | 107,800 | 0.004 | OTHERS |
| 55 | CATHAY SEC. CO., INC. A/C# 1030 | 100,000 | 0 | 100,000 | 0.004 | FILIPINO |
| 56 | CARRIE LIM | 100,000 | 0 | 100,000 | 0.004 | FILIPINO |
| 57 | MANUEL H. OSMENA &/OR GRELINA L. OSMENA | 100,000 | 0 | 100,000 | 0.004 | FILIPINO |
| 58 | PACIFIC CONCORDE CORPORATION | 100,000 | 0 | 100,000 | 0.004 | FILIPINO |
| 59 | PACIFIC IMAGES, INC. | 100,000 | 0 | 100,000 | 0.004 | FILIPINO |
| 60 | HANSON G. SO &/OR LARCY MARICHI Y. SO | 100,000 | 0 | 100,000 | 0.004 | FILIPINO |
| 61 | CHONG PENG YNG | 100,000 | 0 | 100,000 | 0.004 | OTHERS |
| 62 | ALVIN TAN UNJO | 88,000 | 0 | 88,000 | 0.004 | FILIPINO |
| 63 | TERESITA GO &/OR SATURNINA GO | 87,000 | 0 | 87,000 | 0.003 | FILIPINO |
| 64 | CLARITA T. HAI HUAT | 84,000 | 0 | 84,000 | 0.003 | FILIPINO |
| 65 | GEORGE U. YOUNG, JR. | 82,500 | 0 | 82,500 | 0.003 | FILIPINO |
| 66 | MARIANO MARQUEZ-LIM, JR. &/OR MA. FE MARQUEZ-LIM | 68,400 | 0 | 68,400 | 0.003 | FILIPINO |
| 67 | ROLANDO D. DE LEON | 66,000 | 0 | 66,000 | 0.003 | FILIPINO |
| 68 | LIPPO SECURITIES, INC. | 56,500 | 0 | 56,500 | 0.002 | FILIPINO |
| 69 | PRIMITIVO C. CAL | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 70 | CESAR CAMPOS | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 71 | VICKY L. CHAN | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 72 | MA. TERESA P. CRUZ | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 73 | RENATO C. GENDRANO &/OR GENDRANO BERNADETTE | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 74 | L.M. GARCIA & ASS., INC. A/C# 160 | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 75 | LUISA CO LI | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 76 | KIRBY YU LIM | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 77 | LYDIA J. SY | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 78 | EDILBERTO &/OR ROSITA TANYU &/OR WELLINGTON HO VELASCO | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 79 | LIM TAY | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 80 | FRUTO M. TEODORICO, JR. | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 81 | LEONG JEE VAN | 55,000 | 0 | 55,000 | 0.002 | OTHERS |
| 82 | ESTHER A. VIBAL AND/OR STELLA V. LAWSON | 55,000 | 0 | 55,000 | 0.002 | FILIPINO |
| 83 | NATIVIDAD C. SY WHO | 52,000 | 0 | 52,000 | 0.002 | FILIPINO |
| 84 | UY TIAK ENG | 50,000 | 0 | 50,000 | 0.002 | FILIPINO |

| | | | TOTAL HOLDINGS (SUBSCRIBED) | | PERCENTAGE TO TOTAL | NATIONALITY |
|-----|--------------------------------------|--------|-----------------------------------|--------|---------------------------|-------------|
| 85 | SANDRA E. PASCUAL | 50,000 | 0 | 50,000 | 0.002 | FILIPINO |
| 86 | FRANCISCO C. SAN DIEGO | 50,000 | 0 | 50,000 | 0.002 | FILIPINO |
| 87 | ROBERTO L. UY | 50,000 | 0 | 50,000 | 0.002 | FILIPINO |
| 88 | RAMESES VICTORIUS G. VILLAGONZALO | 50,000 | 0 | 50,000 | 0.002 | FILIPINO |
| 89 | NEIL JOHN A. YU | 50,000 | 0 | 50,000 | 0.002 | FILIPINO |
| 90 | EBC SECURITIES CORPORATION | 48,400 | 0 | 48,400 | 0.002 | FILIPINO |
| 91 | TAN DAISY TIENG | 46,500 | 0 | 46,500 | 0.002 | FILIPINO |
| 92 | EAST ASIA OIL & MINING COMPANY, INC. | 40,000 | 0 | 40,000 | 0.002 | FILIPINO |
| 93 | OCBC SECURITIES PHILS., INC. | 40,000 | 0 | 40,000 | 0.002 | OTHERS |
| 94 | JAY JACOBS | 39,600 | 0 | 39,600 | 0.002 | FILIPINO |
| 95 | ROBERT KLING | 39,600 | 0 | 39,600 | 0.002 | FILIPINO |
| 96 | ADRIAN LONG | 39,600 | 0 | 39,600 | 0.002 | FILIPINO |
| 97 | GLADYS MAY L. OSMENA | 39,600 | 0 | 39,600 | 0.002 | FILIPINO |
| 98 | MANILYNN L. OSMENA | 39,600 | 0 | 39,600 | 0.002 | FILIPINO |
| 99 | MEGHANN GAIL L. OSMENA | 39,600 | 0 | 39,600 | 0.002 | FILIPINO |
| 100 | MANUEL L. OSMENA, II | 39,600 | 0 | 39,600 | 0.002 | FILIPINO |
| 101 | STEVE WOODWARD | 39,600 | 0 | 39,600 | 0.002 | FILIPINO |
| 102 | LUZ YAMANE | 38,500 | 0 | 38,500 | 0.002 | FILIPINO |
| 103 | LILY S. HO | 36,300 | 0 | 36,300 | 0.001 | FILIPINO |
| 104 | ABACUS SECURITIES CORPORATION | 35,200 | 0 | 35,200 | 0.001 | FILIPINO |
| 105 | LILIAN HONG | 34,000 | 0 | 34,000 | 0.001 | FILIPINO |
| 106 | ARTURO GUANZON | 33,000 | 0 | 33,000 | 0.001 | FILIPINO |
| 107 | INTERNATIONAL POLYMER CORPORATION | 33,000 | 0 | 33,000 | 0.001 | FILIPINO |
| 108 | VICENTE JOAQUIN | 33,000 | 0 | 33,000 | 0.001 | FILIPINO |
| 109 | SEAFRONT RESOURCES CORP. | 33,000 | 0 | 33,000 | 0.001 | FILIPINO |
| 110 | HENRY H. SYJUECO | 33,000 | 0 | 33,000 | 0.001 | FILIPINO |
| 111 | LEONCIO TIU | 33,000 | 0 | 33,000 | 0.001 | FILIPINO |
| 112 | RAMONCITO ARCEO | 30,000 | 0 | 30,000 | 0.001 | FILIPINO |
| 113 | TAN LIN LAY | 30,000 | 0 | 30,000 | 0.001 | FILIPINO |
| 114 | RODOLFO B. LEDESMA | 30,000 | 0 | 30,000 | 0.001 | FILIPINO |
| 115 | MA. YOLANDA MALLARI | 30,000 | 0 | 30,000 | 0.001 | FILIPINO |
| 116 | YVETTE LEE | 27,500 | 0 | 27,500 | 0.001 | FILIPINO |
| 117 | MARIANO RUBEN LIM | 27,500 | 0 | 27,500 | 0.001 | FILIPINO |
| 118 | ONG YU LING | 27,500 | 0 | 27,500 | 0.001 | FILIPINO |
| 119 | DELFIN R. SUPAPO JR. | 27,500 | 0 | 27,500 | 0.001 | FILIPINO |
| 120 | EDGAR M. ALFEREZ | 25,000 | 0 | 25,000 | 0.001 | FILIPINO |
| 121 | RAMON A. TINIO | 25,000 | 0 | 25,000 | 0.001 | FILIPINO |
| 122 | RAYMOND TONG | 23,300 | 0 | 23,300 | 0.001 | FILIPINO |
| 123 | IMELDA L. ACIDERA | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 124 | PHILIP NG CLARIN & EVELYN NG LEE | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 125 | CHIOTI HSU | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 126 | ANITA LIM | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 127 | CONSUELO A. MOPAS | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |

| | | | TOTAL HOLDINGS (SUBSCRIBED) | | PERCENTAGE TO TOTAL | NATIONALITY |
|-----|--|--------|-----------------------------------|--------|---------------------------|-------------|
| 128 | MARCELO S. NUGUID | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 129 | VICKY ONG | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 130 | QUALITY INVESTMENTS & SECURITIES CORP. | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 131 | RICARDA B. QUIROS | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 132 | ERNESTO R. SALAS, JR. | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 133 | YU SIOK HUI | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 134 | PABLO SON KENG PO | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 135 | ROBERT C. TING | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 136 | CLIFFORD LAO YOUNG | 22,000 | 0 | 22,000 | 0.001 | FILIPINO |
| 137 | WATERFRONT NOMINEES SDN BHD A/C#9 | 20,900 | 0 | 20,900 | 0.001 | OTHERS |
| 138 | AMADO AU ANG | 20,000 | 0 | 20,000 | 0.001 | FILIPINO |
| 139 | JIM HO KHE BIN | 20,000 | 0 | 20,000 | 0.001 | FILIPINO |
| 140 | FRANCIS S. CHOA | 20,000 | 0 | 20,000 | 0.001 | FILIPINO |
| 141 | NELIA CO | 20,000 | 0 | 20,000 | 0.001 | FILIPINO |
| 142 | VENUS DE OCAMPO | 20,000 | 0 | 20,000 | 0.001 | FILIPINO |
| 143 | GUILLERMO F. GILI, JR. | 20,000 | 0 | 20,000 | 0.001 | FILIPINO |
| 144 | RUBY PING GO | 20,000 | 0 | 20,000 | 0.001 | CHINESE |
| 145 | LUISA TAN JAO | 20,000 | 0 | 20,000 | 0.001 | FILIPINO |
| 146 | ALEXANDER C. LEE | 20,000 | 0 | 20,000 | 0.001 | FILIPINO |
| 147 | REGINA CAPITAL DEVT., CORP. A/C#1845 | 20,000 | 0 | 20,000 | 0.001 | FILIPINO |
| 148 | TRITON SECURITIES CORPORATION | 20,000 | 0 | 20,000 | 0.001 | FILIPINO |
| 149 | CATHERINE LAO YOUNG | 19,800 | 0 | 19,800 | 0.001 | FILIPINO |
| 150 | RAMON JAIME VILA BIROSEL | 17,600 | 0 | 17,600 | 0.001 | FILIPINO |
| 151 | ARISTEO O. FERAREN, JR. | 17,600 | 0 | 17,600 | 0.001 | FILIPINO |
| 152 | REXLON INDUSTRIAL CORPORATION | 17,000 | 0 | 17,000 | 0.001 | FILIPINO |
| 153 | ELVIN CHAN | 16,500 | 0 | 16,500 | 0.001 | FILIPINO |
| 154 | KATHLEEN COPON | 16,500 | 0 | 16,500 | 0.001 | FILIPINO |
| 155 | JOSEFINA DINSAY | 16,500 | 0 | 16,500 | 0.001 | FILIPINO |
| 156 | ERIC JAO | 16,500 | 0 | 16,500 | 0.001 | CHINESE |
| 157 | CARMELITA KONG KIAT | 16,500 | 0 | 16,500 | 0.001 | FILIPINO |
| 158 | ANTONIO LIM &/OR BELLA LIM | 16,500 | 0 | 16,500 | 0.001 | FILIPINO |
| 159 | MATEO H. LUGA | 16,500 | 0 | 16,500 | 0.001 | FILIPINO |
| 160 | GRACE MAGNAYE | 16,500 | 0 | 16,500 | 0.001 | FILIPINO |
| 161 | AMANDO J. PONSARAN, JR. | 16,500 | 0 | 16,500 | 0.001 | FILIPINO |
| 162 | GLENN ANTHONY O. SOCO | 16,500 | 0 | 16,500 | 0.001 | FILIPINO |
| 163 | JAY DEXTER A. LIM | 16,200 | 0 | 16,200 | 0.001 | FILIPINO |
| 164 | G & L SECURITIES CO., INC. | 15,000 | 0 | 15,000 | 0.001 | FILIPINO |
| 165 | REMEDIOS S. ORBETA | 14,300 | 0 | 14,300 | 0.001 | FILIPINO |
| 166 | AH LAY OH | 13,750 | 0 | 13,750 | 0.001 | FILIPINO |
| 167 | IBURI TADAFUMI | 13,750 | 0 | 13,750 | 0.001 | FILIPINO |
| 168 | MONINA GRACE S. LIM | 13,200 | 0 | 13,200 | 0.001 | FILIPINO |
| 169 | AURELIO P. VENDIVEL, JR. | 13,200 | 0 | 13,200 | 0.001 | FILIPINO |
| 170 | LOUIS FALCON | 13,000 | 0 | 13,000 | 0.001 | FILIPINO |

| | | | TOTAL HOLDINGS (SUBSCRIBED) | PERCENTAGE TO TOTAL | NATIONALITY |
|-----|---|--------|-----------------------------------|---------------------------|----------------|
| 171 | PEDRO DOMINGO | 12,100 | 0 | 12,100 | 0.000 FILIPINO |
| 172 | RICARDO R. AGUADO | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 173 | EVELYN ARCENAL | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 174 | DAXIM-REY L. BANAGUDOS | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 175 | ARIEL M. CONCEJERO &/OR MA. CONSUELO G. CONCEJERO | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 176 | ANITA T. DAVID | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 177 | ROY A. DE LOS REYES | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 178 | MANUEL DY | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 179 | HUNG CHUEN FEI | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 180 | MARLENE S. GUEVARA | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 181 | ROY CECIL D. IBAY | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 182 | LILY IMON | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 183 | CONSUELO DY KHU | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 184 | YU PEK KIAN | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 185 | PHILIP KIONG | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 186 | RICARDO P. LAZARO | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 187 | KATHERINE LIM &/OR MARSHA LIM | 11,000 | 0 | 11,000 | 0.000 CHINESE |
| 188 | JOSEFA T. LUA | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 189 | ALBERTO MENDOZA &/OR JEANIE MENDOZA | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 190 | ELIZABETH MERCADO | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 191 | CARMEN ONG | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 192 | HARVEY OSMENA | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 193 | VENUS PACIA | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 194 | GAUDENCIO H. PANALIGAN | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 195 | CIRILO E. PASUCAL | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 196 | MA. THERESA C. PE | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 197 | NERISSA C. QUINTANA | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 198 | R. COYIUTO SECURITIES, INC. | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 199 | SEIICHIRO TAKAHASHI | 11,000 | 0 | 11,000 | 0.000 OTHERS |
| 200 | CARLOS S. TAN | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 201 | CHEAH TUCK | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 202 | PHILIP L. UY | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 203 | EDGARDO YAMBAO &/OR MARIA ISABEL YAMBAO | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 204 | JEFFERSON Y. YAO | 11,000 | 0 | 11,000 | 0.000 FILIPINO |
| 205 | RODERICK ALAIN ALVAREZ | 10,000 | 0 | 10,000 | 0.000 FILIPINO |
| 206 | CARINA H. BALONES | 10,000 | 0 | 10,000 | 0.000 FILIPINO |
| 207 | GARRY BOOC | 10,000 | 0 | 10,000 | 0.000 FILIPINO |
| 208 | FRANKLIN M. COSTALES | 10,000 | 0 | 10,000 | 0.000 FILIPINO |
| 209 | ARSENIO L. LIM &/OR RUBY O. LIM | 10,000 | 0 | 10,000 | 0.000 FILIPINO |
| 210 | GIOVANNI JOSEF B. LIM | 10,000 | 0 | 10,000 | 0.000 FILIPINO |
| 211 | ROLANDO I. LOMBOY &/OR MILAGROS R. LOMBOY | 10,000 | 0 | 10,000 | 0.000 FILIPINO |
| 212 | M.J. SORIANO TRADING, INC. | 10,000 | 0 | 10,000 | 0.000 FILIPINO |
| 213 | RENO I. MAGADIA | 10,000 | 0 | 10,000 | 0.000 FILIPINO |

| | | | TOTAL HOLDINGS (SUBSCRIBED) | PERCENTAGE TO TOTAL | NATIONALITY |
|-----|--|-------------------|-----------------------------------|---------------------------|-------------|
| 214 | JAMES O. NG &/OR ELSIE Y. NG | | 10,000 | 0.000 | FILIPINO |
| 215 | LAWRENCE C. NG | | 10,000 | 0.000 | FILIPINO |
| 216 | NOBLE ARCH REALTY AND CONSTRUCTION CORP. | | 10,000 | 0.000 | FILIPINO |
| 217 | CARMELO OBCEMEA | | 10,000 | 0.000 | FILIPINO |
| 218 | BARTHOLOMEW DY BUNCIO YOUNG | | 10,000 | 0.000 | FILIPINO |
| 219 | JOHN BENEDICT O. YU | | 10,000 | 0.000 | FILIPINO |
| 220 | CARMELITA P. CRUEL | | 8,800 | 0.000 | FILIPINO |
| 221 | MA. ISABEL H. ERMITA | | 8,800 | 0.000 | FILIPINO |
| 222 | FATIMA A. FARRALES | | 8,800 | 0.000 | FILIPINO |
| 223 | MAXIMO V. LUCAS | | 8,800 | 0.000 | FILIPINO |
| 224 | ILDEFONSO REYNOSO II | | 8,800 | 0.000 | FILIPINO |
| 225 | RUFINO B. TIANGCO | | 8,800 | 0.000 | FILIPINO |
| 226 | CHARISSA YLAYA | | 8,800 | 0.000 | FILIPINO |
| 227 | MARIA A. GARCIA | | 8,000 | 0.000 | FILIPINO |
| 228 | LIPPO SECURITIES, INC. | FAO: SHEN KUO HSU | 8,000 | 0.000 | FILIPINO |
| 229 | MA. CYNTHIA AMIGO ALCANTARA | | 7,700 | 0.000 | FILIPINO |
| 230 | WILLIAM N. CHUA CO KIONG | | 7,700 | 0.000 | FILIPINO |
| 231 | E.N. MADRAZO CORPORATION | | 7,700 | 0.000 | FILIPINO |
| 232 | RAPHAEL T. JUAN | | 7,700 | 0.000 | FILIPINO |
| 233 | JUANA M. REYES | | 7,700 | 0.000 | FILIPINO |
| 234 | SALVADOR T. RIGOR, JR. | | 7,700 | 0.000 | FILIPINO |
| 235 | EUFEMIA ZULUAGA | | 7,700 | 0.000 | FILIPINO |
| 236 | BING ROJO | | 6,700 | 0.000 | FILIPINO |
| 237 | HANNAH JALECO ALLANIGUE | | 6,600 | 0.000 | FILIPINO |
| 238 | EXUPERTO P. CABATANA | | 6,600 | 0.000 | FILIPINO |
| 239 | CLEOFE D.V. CANETE | | 6,600 | 0.000 | FILIPINO |
| 240 | JOCELYN FULACHE | | 6,600 | 0.000 | FILIPINO |
| 241 | ROZANA C. GUTIERREZ | | 6,600 | 0.000 | FILIPINO |
| 242 | LESLIE A. LAVA | | 6,600 | 0.000 | FILIPINO |
| 243 | STEVEN M. ONG | | 6,600 | 0.000 | FILIPINO |
| 244 | PROSERFINA SIGUENZA | | 6,600 | 0.000 | FILIPINO |
| 245 | AGAPITO R. VALENCIA | | 6,600 | 0.000 | FILIPINO |
| 246 | SALUD VELORIA | | 6,600 | 0.000 | FILIPINO |
| 247 | ROBERTO ABELLO &/OR MA. ANTONIA ABELLO | | 5,500 | 0.000 | FILIPINO |
| 248 | RENATO C. ALARCON &/OR VIRGINIA M. ALARCON | | 5,500 | 0.000 | FILIPINO |
| 249 | MA. WINNINAH S. ANCHETA | | 5,500 | 0.000 | FILIPINO |
| 250 | GENEROSA A. ARENAS | | 5,500 | 0.000 | FILIPINO |
| 251 | RUBEN BALBASTRO &/OR ROSARIO TORRES | | 5,500 | 0.000 | FILIPINO |
| 252 | BELINDA CHUA | | 5,500 | 0.000 | FILIPINO |
| 253 | LUIS W. CHUA | | 5,500 | 0.000 | FILIPINO |
| 254 | MA. REGINA CLIMACO | | 5,500 | 0.000 | FILIPINO |
| 255 | TERESITA I. DE LOS SANTOS | | 5,500 | 0.000 | FILIPINO |
| 256 | ERIBERTO E. ESTEBAN | | 5,500 | 0.000 | FILIPINO |

| | | | TOTAL HOLDINGS (SUBSCRIBED) | | PERCENTAGE TO TOTAL | NATIONALITY |
|-----|---|-------|-----------------------------------|-------|---------------------------|-------------|
| 257 | BILLY KHU &/OR WARREN KHU | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 258 | BILLY GO KHU | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 259 | CONSUELO C. KON | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 260 | LOLITA LABACLADO | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 261 | ALEXANDRIA M. LACSON | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 262 | KAROLYN LIU | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 263 | GRACE MAGNAYE | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 264 | CARMENCITA MIRANDA &/OR DONNA DEL ROSARIO | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 265 | BELINDA NGO | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 266 | JUANA ONGKA | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 267 | VIRGIE R. ORTEGA | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 268 | ANTONIO MAPUA OSTREA | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 269 | CHARLES M. PRATT | 5,500 | 0 | 5,500 | 0.000 | OTHERS |
| 270 | DEREK PUERTOLLANO | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 271 | LINDA TAN | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 272 | ROBERTO S. UY | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 273 | WEALTH SECURITIES, INC. | 5,500 | 0 | 5,500 | 0.000 | FILIPINO |
| 274 | GRACIANO AUDWIN T. GARZON | 5,000 | 0 | 5,000 | 0.000 | FILIPINO |
| 275 | HSBC SECURITIES (PHILIPPINES), INC. | 5,000 | 0 | 5,000 | 0.000 | OTHERS |
| 276 | MA. MADONNA M. MEDENILLA | 5,000 | 0 | 5,000 | 0.000 | FILIPINO |
| 277 | IMELDA M. PRECION | 5,000 | 0 | 5,000 | 0.000 | FILIPINO |
| 278 | MAHALIA C. QUINONES | 5,000 | 0 | 5,000 | 0.000 | FILIPINO |
| 279 | SIMEON SAMSON &/OR CHARLIE RAVALO | 5,000 | 0 | 5,000 | 0.000 | FILIPINO |
| 280 | LEOPOLDO SY-QUIA JR. | 5,000 | 0 | 5,000 | 0.000 | FILIPINO |
| 281 | HELEN F. WILLIMANN | 5,000 | 0 | 5,000 | 0.000 | FILIPINO |
| 282 | MINERVA R. ALIAZON | 4,400 | 0 | 4,400 | 0.000 | FILIPINO |
| 283 | ADELAIDA ZITA R. CARLOS | 4,400 | 0 | 4,400 | 0.000 | FILIPINO |
| 284 | ANGELES MORALES DE LEON | 4,400 | 0 | 4,400 | 0.000 | FILIPINO |
| 285 | KERRY SECURITIES (PHILS.), INC. -GJ01 | 4,400 | 0 | 4,400 | 0.000 | FILIPINO |
| 286 | MUI SIN KOH-SEAH | 4,400 | 0 | 4,400 | 0.000 | FILIPINO |
| 287 | MANUEL S. MILAN | 4,400 | 0 | 4,400 | 0.000 | FILIPINO |
| 288 | NATIVIDAD C. NGUI | 4,400 | 0 | 4,400 | 0.000 | FILIPINO |
| 289 | JIMMY G. ONG | 4,400 | 0 | 4,400 | 0.000 | FILIPINO |
| 290 | MA. TERESITA M. PALO | 4,400 | 0 | 4,400 | 0.000 | FILIPINO |
| 291 | NG GHIM HWA | 4,000 | 0 | 4,000 | 0.000 | OTHERS |
| 292 | JORGE P. LONTOC OR PACITA L. LONTOC | 4,000 | 0 | 4,000 | 0.000 | FILIPINO |
| 293 | SAPPHIRE SECURITIES, INC. | 4,000 | 0 | 4,000 | 0.000 | FILIPINO |
| 294 | ROBERTO C. VILLEGAS | 4,000 | 0 | 4,000 | 0.000 | FILIPINO |
| 295 | CECILIA CO YU | 4,000 | 0 | 4,000 | 0.000 | FILIPINO |
| 296 | JOCELYN L. ZARATE | 4,000 | 0 | 4,000 | 0.000 | FILIPINO |
| 297 | JUN M. BORRES | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 298 | ELEANOR P. CALIMAG | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 299 | MA. ROSARIO FRANCO | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |

| | | | TOTAL HOLDINGS (SUBSCRIBED) | | PERCENTAGE TO TOTAL | NATIONALITY |
|-----|--|-------|-----------------------------------|-------|---------------------------|-------------|
| 300 | EUGENE GALICIA | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 301 | SARAH SAN JOSE HAIN | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 302 | BRENDA SOLIDUM HERNANDEZ | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 303 | MUI SIN KOH-SEAH &/OR DENNIS CHEE CHIANG SEAH | 3,300 | 0 | 3,300 | 0.000 | OTHERS |
| 304 | CHRISTOPHER D. LO | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 305 | JUAN ANTONIO LOPEZ | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 306 | LUKE MACABABBAD | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 307 | PATRICIA MIADO &/OR MARIO ANGEL MIADO | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 308 | PANTALEON NIEVA &/OR ANGELITA NIEVA | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 309 | PAUL PESTANO | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 310 | ELENETTE C. PINGUL | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 311 | JAIME R. QUIJANO | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 312 | JESUS ROBERTO SAENZ &/OR AURORA E. | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 313 | MA. TERESA T. SAN AGUSTIN | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 314 | EDWARD W. TAN | 3,300 | 0 | 3,300 | 0.000 | FILIPINO |
| 315 | EPIFANIA G. SANTOS | 2,750 | 0 | 2,750 | 0.000 | FILIPINO |
| 316 | JESUS B. MARAMARA | 2,700 | 0 | 2,700 | 0.000 | FILIPINO |
| 317 | MA. LEYLANI V. GAMBOA | 2,500 | 0 | 2,500 | 0.000 | FILIPINO |
| 318 | ROGELIO GANZON | 2,500 | 0 | 2,500 | 0.000 | FILIPINO |
| 319 | ROGER CORRO | 2,300 | 0 | 2,300 | 0.000 | FILIPINO |
| 320 | ROSIE TAN | 2,300 | 0 | 2,300 | 0.000 | FILIPINO |
| 321 | CARLO ARCHES | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 322 | MA. ROSARIO T. BARRETTO | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 323 | AIDA BELLESTEROS | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 324 | GLORIA BRIONES | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 325 | RAY CELIS | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 326 | CLARO CENIZA | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 327 | AMELIA CERVANTES | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 328 | ELMER DELA CRUZ | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 329 | NARISA BERLIN R. DURAN | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 330 | LEONARDO ERMITA | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 331 | AMANDA B. FLORES | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 332 | FLORENTINO A. GONZALEZ, JR. &/OR LOURDJEAN T. GONZALEZ | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 333 | JOSEPH EDWARD HANNEN | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 334 | LUCILA D. ICBAN | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 335 | MYRNA LOU F. ISIP | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 336 | JOCELYN O. LIM | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 337 | VILMA LUMANOG | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 338 | LEVI Q. MAGNAYE | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 339 | MELVIN M. MANALO | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 340 | BENJAMIN MOMBAY &/OR ELYSIA DELA LLANA | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 341 | CONSUELO G. OSI | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |
| 342 | ROLANDO R. RABARA | 2,200 | 0 | 2,200 | 0.000 | FILIPINO |

| | | | TOTAL HOLDINGS (SUBSCRIBED) | PERCENTAGE TO TOTAL | NATIONALITY |
|-----|--|-------|-----------------------------------|---------------------------|----------------|
| 343 | MELITA G. RAGAS | 2,200 | 0 | 2,200 | 0.000 FILIPINO |
| 344 | JOHN PATRICK REGNER | 2,200 | 0 | 2,200 | 0.000 FILIPINO |
| 345 | EDNA T. ROGANDO &/OR ESTER T. JUCO | 2,200 | 0 | 2,200 | 0.000 FILIPINO |
| 346 | ROLANDO S. SANTOS, JR. | 2,200 | 0 | 2,200 | 0.000 FILIPINO |
| 347 | MICHELLE T. SY | 2,200 | 0 | 2,200 | 0.000 FILIPINO |
| 348 | MERLINDO R. TINAPAY | 2,200 | 0 | 2,200 | 0.000 FILIPINO |
| 349 | RUBY TING | 2,200 | 0 | 2,200 | 0.000 FILIPINO |
| 350 | ZITA O. UY-TIOCO | 2,200 | 0 | 2,200 | 0.000 FILIPINO |
| 351 | ANTONIO VERZOSA | 2,200 | 0 | 2,200 | 0.000 FILIPINO |
| 352 | BENEDICTO V. VIARDO | 2,200 | 0 | 2,200 | 0.000 FILIPINO |
| 353 | BANING P. ANG | 2,000 | 0 | 2,000 | 0.000 FILIPINO |
| 354 | BANING P. ANG | 2,000 | 0 | 2,000 | 0.000 FILIPINO |
| 355 | ERVERT AVANZADO &/OR LIAZLE AVANZADO | 2,000 | 0 | 2,000 | 0.000 FILIPINO |
| 356 | EDUVEGES O. BATALAN | 2,000 | 0 | 2,000 | 0.000 FILIPINO |
| 357 | BONIFACIO M. CABATIT | 2,000 | 0 | 2,000 | 0.000 FILIPINO |
| 358 | AUGURIO P. DE VERA | 2,000 | 0 | 2,000 | 0.000 FILIPINO |
| 359 | EDMUNDO Z. GREGORIO | 2,000 | 0 | 2,000 | 0.000 FILIPINO |
| 360 | GLORIA GUINTU | 2,000 | 0 | 2,000 | 0.000 FILIPINO |
| 361 | I.B. GIMENEZ SEC., INC. A/C DPA-003 | 2,000 | 0 | 2,000 | 0.000 FILIPINO |
| 362 | TERESITO P. OCAMPO | 2,000 | 0 | 2,000 | 0.000 FILIPINO |
| 363 | FLORENCIO SANTOS | 2,000 | 0 | 2,000 | 0.000 FILIPINO |
| 364 | WINSTON P. PUNZALAN | 1,500 | 0 | 1,500 | 0.000 FILIPINO |
| 365 | ALBERTO MOGUEL | 1,200 | 0 | 1,200 | 0.000 FILIPINO |
| 366 | STELLA TANSENGCO-SCHAPERO | 1,200 | 0 | 1,200 | 0.000 FILIPINO |
| 367 | ROMMEL C. AQUINO | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 368 | GERALDINE BAD-AY | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 369 | VIVIEN BILBAO | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 370 | LUZVIMINDA E CABIBIJAN | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 371 | JENNIFER CASAS | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 372 | JOHN PETER CHICK B. CASTELO | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 373 | CATHAY SEC. CO., INC. A/C# 1684 | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 374 | BEDY DU CO | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 375 | CYNTHIA ROXAS DEL CASTILLO | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 376 | CAROLINE DY | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 377 | GRACE M. GALANG | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 378 | REBECCA TAN LIM | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 379 | ROMEO S. LINDAIN | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 380 | ARMANDO S. LLARINAS | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 381 | PORFIRIO G. MACARAEG &/OR MICHAEL MACARAEG | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 382 | BENJAMIN G. MAGBANUA | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 383 | EMILIA MANANON | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 384 | VIDA MARIE E. NISPEROS | 1,100 | 0 | 1,100 | 0.000 FILIPINO |
| 385 | LYDIA C. PASCUA | 1,100 | 0 | 1,100 | 0.000 FILIPINO |

| | | | TOTAL HOLDINGS (SUBSCRIBED) | | PERCENTAGE TO TOTAL | NATIONALITY |
|-----|--|-------|-----------------------------------|-------|---------------------------|-------------|
| 386 | ARACELI P. PENAS | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 387 | MABEL POBLETE | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 388 | OMAR C. POLINTAN &/OR MELITA POLINTAN | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 389 | BEVERLY G. REJANTE | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 390 | DAISY S.A REYES | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 391 | LETICIA ROXAS | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 392 | DOUGLAS TAN | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 393 | FATIMA L. TAN | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 394 | MIRABEL TAN | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 395 | RAYMOND G. TAN | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 396 | SUZETTE TAN | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 397 | ANA NIMO TANG | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 398 | LOLITA TANSENGCO | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 399 | YEOH CHEAW TAU | 1,100 | 0 | 1,100 | 0.000 | OTHERS |
| 400 | IRMINIA A. TIPGOS | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 401 | LUISIANA DELOS SANTOS TONDO | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 402 | ELIZABETH TUBALE | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 403 | FEDELIZA R. VARGAS | 1,100 | 0 | 1,100 | 0.000 | FILIPINO |
| 404 | ABACUS CAPITAL INVESTMENT CORP. A/C 583002 | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 405 | MA. LUISA AQUINO | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 406 | RAYMOND AZCARATE | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 407 | JULIE YAP CHUA | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 408 | ARISTEO R. CRUZ | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 409 | MILAGROS ONG MAGAT | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 410 | VICENTE LIM PANG | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 411 | FIDELINA B. REYES | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 412 | RODOLFO V. SAEZ | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 413 | REYNALDO NAVARRA TECECHIAN | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 414 | RUBEN D. TORRES | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 415 | GUIDO VILLANUEVA &/OR AMELIA VILLANUEVA | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 416 | MA. SALOME VILLASIS | 1,000 | 0 | 1,000 | 0.000 | FILIPINO |
| 417 | ALFREDO COLLADO | 900 | 0 | 900 | 0.000 | FILIPINO |
| 418 | PUBLIC SEC. CORP. | 800 | 0 | 800 | 0.000 | FILIPINO |
| 419 | ROGELIO G. KWAN | 622 | 0 | 622 | 0.000 | FILIPINO |
| 420 | JUANITA LIMCHAYSENG | 600 | 0 | 600 | 0.000 | FILIPINO |
| 421 | DONNIE SALVADOR | 600 | 0 | 600 | 0.000 | FILIPINO |
| 422 | RONALD SY | 600 | 0 | 600 | 0.000 | FILIPINO |
| 423 | ANABELLE C. ALVARO | 500 | 0 | 500 | 0.000 | FILIPINO |
| 424 | ELENA D. BELLEZA | 500 | 0 | 500 | 0.000 | FILIPINO |
| 425 | CARLOS CHING | 500 | 0 | 500 | 0.000 | FILIPINO |
| 426 | DOMINADOR A. REYNO | 500 | 0 | 500 | 0.000 | FILIPINO |
| 427 | LORENA R. CABUGAWAN | 333 | 0 | 333 | 0.000 | FILIPINO |
| 428 | JOSELITO C. HERRERA | 300 | 0 | 300 | 0.000 | FILIPINO |

| | | TOTAL HOLDINGS (SUBSCRIBED) | | PERCENTAGE TO TOTAL | NATIONALITY |
|-----|-----------------------------------|-----------------------------------|----------|---------------------------|----------------|
| 429 | MARIO T. MACADAEG | 300 | 0 | 300 | 0.000 FILIPINO |
| 430 | RCBC T/A# 33-398-0 | 300 | 0 | 300 | 0.000 FILIPINO |
| 431 | OWEN NATHANIEL AU | 200 | 0 | 200 | 0.000 FILIPINO |
| 432 | ERLITA BUGAOAN | 200 | 0 | 200 | 0.000 FILIPINO |
| 433 | FE CALDERON | 200 | 0 | 200 | 0.000 FILIPINO |
| 434 | JOSE RENE ITURRALDE | 200 | 0 | 200 | 0.000 FILIPINO |
| 435 | TEE LING KIAT &/OR LEE LIN HO | 200 | 0 | 200 | 0.000 FILIPINO |
| 436 | RICHARD ANTHONY Y. LIBORO | 200 | 0 | 200 | 0.000 FILIPINO |
| 437 | RENATO B. MAGADIA | 200 | 0 | 200 | 0.000 FILIPINO |
| 438 | ROCHELLE V. MENDOZA | 200 | 0 | 200 | 0.000 FILIPINO |
| 439 | ORION-SQUIRE CAPITAL, INC. - 0267 | 200 | 0 | 200 | 0.000 FILIPINO |
| 440 | ROSE LUZELLE PAPA | 200 | 0 | 200 | 0.000 FILIPINO |
| 441 | NORA ROSS | 200 | 0 | 200 | 0.000 FILIPINO |
| 442 | MA. THERESA L. ARGUELLES | 110 | 0 | 110 | 0.000 FILIPINO |
| 443 | SERGIO R. ORTIZ-LUIS JR. | 110 | 0 | 110 | 0.000 FILIPINO |
| 444 | ARTHUR R. PONSARAN | 110 | 0 | 110 | 0.000 FILIPINO |
| 445 | CARLOS BENEDICT K. RIVILLA IV | 110 | 0 | 110 | 0.000 FILIPINO |
| 446 | TOMAS F. TUASON IV | 110 | 0 | 110 | 0.000 FILIPINO |
| 447 | RIZA C. VILLEGAS | 110 | 0 | 110 | 0.000 FILIPINO |
| 448 | RODOLFO L. CRUZ | 100 | 0 | 100 | 0.000 FILIPINO |
| 449 | IMELDA GAPASIN | 100 | 0 | 100 | 0.000 FILIPINO |
| 450 | RUBEN MEDRANO | 100 | 0 | 100 | 0.000 FILIPINO |
| 451 | LAMBERTO B. MERCADO, JR. | 100 | 0 | 100 | 0.000 FILIPINO |
| 452 | DONATO ALMEDA | 1 | 0 | 1 | 0.000 FILIPINO |
| 453 | ARSENIO BARTOLOME III | 1 | 0 | 1 | 0.000 FILIPINO |
| 454 | ERIC FILAMOR | 1 | 0 | 1 | 0.000 FILIPINO |
| 455 | PATRICK C. GREGORIO | 1 | 0 | 1 | 0.000 FILIPINO |
| 456 | ARTHUR LOPEZ | 1 | 0 | 1 | 0.000 FILIPINO |
| 457 | MACARIO TE | 1 | 0 | 1 | 0.000 FILIPINO |
| | | <u>2,498,991,753</u> | <u>0</u> | <u>2,498,991,753</u> | |

THIS IS A COMPUTER GENERATED REPORT AND IF ISSUED WITHOUT ALTERATION, DOES NOT REQUIRE ANY SIGNATURE.

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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

COMPANY NAME

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

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

N O . 1 W A T E R F R O N T D R I V E
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 , C E B U

Form Type

A F S 1 6

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address

Company's Telephone Number/s

Mobile Number

No. of Stockholders

Annual Meeting (Month / Day)

Fiscal Year (Month / Day)

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ms. Elvira A. Ting

Email Address

Telephone Number/s

(02) 687-0888

Mobile Number

CONTACT PERSON'S ADDRESS

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



**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 including the schedules attached therein, for the years ended **December 31, 2016 and 2015**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

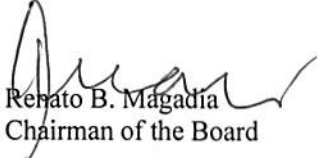
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.


The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

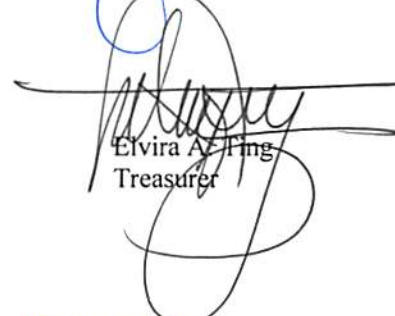
R.G. Manabat & Co., appointed by the stockholders, has audited the financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

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

Signed this **APR 17 2017**
th day of _____ 2017

APR 18 2017

Subscribed and Sworn to before me this _____
Affiant exhibit to me his/her CTC No. _____
Issued on / at _____

JOEL G. GORDOLA

Notary Public

Commission expires until December 31, 2017

Adm. No. 189; Roll No. 25103

IBP No. 1058826 1/04/17; Q.C.

PTR No. 3093408; 1/03/17; Q.C.

TIN 126-768-809; MCLE No. V-0001531

Until 1 # 878 Quirino Highway, Gulod, Negaliches, Q.C.

DOC. NO. 807
PAGE NO. 37
BOOK NO. 31
SERIES OF 20 17

REPUBLIC OF THE PHILIPPINES)
) S.S

CEBU CITY



TREASURER'S CERTIFICATION

I, **ELVIRA A. TING**, of legal age, Filipino and with office address at the The 35/F One Corporate Center Julia Vargas Corner Meralco 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.

APR 17 2017

WITNESS MY HAND on this ___ day of ___ 2017 at
CEBU CITY.


ELVIRA A. TING
Treasurer

APR 17 2017

SUBSCRIBED AND SWORN to before me on this ___ day of ___ at
CEBU CITY. Affiant exhibited to me her **Community Tax Certificate No. 33195026** issued on **January 09, 2017**.

Doc. No 139
Page No 29
Book No 39
Series of 2017



JOSELITO RAMON O. CASTILLO
NOTARY PUBLIC FOR CEBU CITY
NOTARIAL COMMISSION NO. 76-08; UNTIL DEC. 31, 2017
LOWER LEVEL, WATERFRONT CEBU CITY HOTEL
ONE SALINAS DRIVE, LAHUG, CEBU CITY
ROLL OF ATTORNEY'S NO. 40417
PTR NO. 1175588/CEBU CITY/1/0/17
IBP LIFETIME MEMBER NO. 05244



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
Email ph-inquiry@kpmg.com.ph

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated and Subsidiaries
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Cebu

Opinion

We have audited the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2016, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue recognition

(P2.14 billion, see consolidated statement of profit or loss and other comprehensive income and Notes 22 and 23 to the consolidated financial statements)

The risk

Market expectations and profit based targets may place pressure on management to distort revenue recognition. Although the Group's revenue transactions are noncomplex and no significant judgement is applied over the amount recorded, we however considered the potential for management override to achieve revenue targets.

Our response

We evaluated and tested the internal controls over the completeness, existence and accuracy of revenue recognized in the consolidated financial statements. We performed analytical procedures, cutoff testing to ensure whether transactions occurring near yearend were recorded in the proper period and journal entries testing around revenue to identify any unusual or irregular items posted. We assessed whether the Group's revenue recognition policies are in accordance with PFRS.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, 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.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Tireso Randy F. Lapidez.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

SEC Accreditation No. 1472-A, Group A, valid until March 30, 2018

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

Issued October 15, 2014; valid until October 14, 2017

PTR No. 5904929MD

Issued January 3, 2017 at Makati City

April 11, 2017

Makati City, Metro Manila



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
Email ph-inquiry@kpmg.com.ph

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated and Subsidiaries
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu 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, 2016, included in this Form 17-A, on which we have rendered our report thereon dated April 11, 2017.

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

1. Schedule of Philippine Financial Reporting Standards and Interpretations (*Annex A*)
2. Map of Conglomerate (*Annex B*)
3. Supplementary Schedules of Annex 68-E (*Annex C*)



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 Group consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Group consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements of the Group taken as a whole.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

SEC Accreditation No. 1472-A, Group A, valid until March 30, 2018

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-34-2014

Issued October 15, 2014; valid until October 14, 2017

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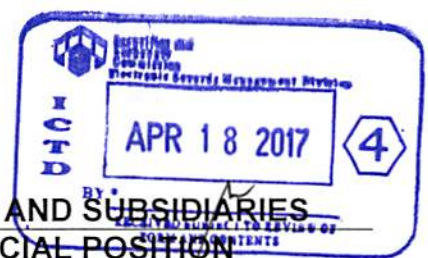
Issued January 3, 2017 at Makati City

April 11, 2017

Makati City, Metro Manila

**WATERFRONT PHILIPPINES, INCORPORATED
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015**



WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31

| | Note | 2016 | 2015 |
|---|------|-----------------------|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | P204,295,153 | P173,168,220 |
| Receivables - net | 5 | 235,447,147 | 213,701,952 |
| Inventories | 6 | 28,187,104 | 29,298,181 |
| Due from related parties - current portion | 8 | 1,537,900,077 | 1,610,210,794 |
| Prepaid expenses and other current assets | 7 | 90,402,965 | 76,982,206 |
| Total Current Assets | | 2,096,232,446 | 2,103,361,353 |
| Noncurrent Assets | | | |
| Available-for-sale investment | 8 | 16,821,740 | 18,209,100 |
| Due from related parties - noncurrent portion | 8 | 340,197,163 | 332,797,180 |
| Property and equipment - net | 9 | 6,585,028,850 | 5,925,632,028 |
| Deferred tax assets | 19 | 41,086,003 | 124,045,012 |
| Other noncurrent assets | 10 | 27,978,112 | 40,688,723 |
| Total Noncurrent Assets | | 7,011,111,868 | 6,441,372,043 |
| | | P9,107,344,314 | P8,544,733,396 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Accounts payable and accrued expenses | 11 | P1,358,365,891 | P1,366,709,446 |
| Loans payable | 13 | 375,000,000 | 496,030,050 |
| Income tax payable | | 69,555,622 | 38,062,223 |
| Other current liabilities | 12 | 25,644,184 | 542,551,759 |
| Total Current Liabilities | | 1,828,565,697 | 2,443,353,478 |
| Noncurrent Liabilities | | | |
| Deferred tax liabilities | 19 | 1,339,315,801 | 1,109,968,314 |
| Retirement benefits liability | 18 | 98,517,865 | 117,435,509 |
| Other noncurrent liabilities | 14 | 6,577,959 | 11,347,103 |
| Total Noncurrent Liabilities | | 1,444,411,625 | 1,238,750,926 |
| | | 3,272,977,322 | 3,682,104,404 |

Forward

| | | December 31 | |
|--|------|-----------------------|-----------------------|
| | Note | 2016 | 2015 |
| Equity Attributable to Equity Holders of the Parent Company | | | |
| Capital stock | 16 | P2,498,991,753 | P2,498,991,753 |
| Additional paid-in capital | | 706,364,357 | 706,364,357 |
| Revaluation surplus on property and equipment | 9 | 2,349,524,496 | 1,841,118,443 |
| Retirement benefits reserve | | 102,082,569 | 101,280,259 |
| Foreign currency translation adjustment | | 41,686,179 | 32,442,969 |
| Fair value reserve | | 2,683,245 | 3,456,005 |
| Deficit | | (760,985,667) | (1,097,460,906) |
| Total Equity Attributable to Equity Holders of the Parent Company | | 4,940,346,932 | 4,086,192,880 |
| Noncontrolling Interests | 16 | 894,020,060 | 776,436,112 |
| Total Equity | | 5,834,366,992 | 4,862,628,992 |
| | | P9,107,344,314 | P8,544,733,396 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

| | | Years Ended December 31 | | |
|--|------------|-------------------------|----------------------|----------------------|
| | Note | 2016 | 2015 | 2014 |
| REVENUES | | | | |
| Rent and related income | 22, 23 | P805,703,911 | P827,620,396 | P815,518,233 |
| Rooms | | 662,116,109 | 606,473,995 | 565,506,075 |
| Food and beverage | | 595,040,745 | 585,764,307 | 544,843,807 |
| Others | | 72,484,476 | 81,049,092 | 47,411,970 |
| | | 2,135,345,241 | 2,100,907,790 | 1,973,280,085 |
| COSTS AND EXPENSES OTHER THAN INTEREST, DEPRECIATION AND AMORTIZATION, IMPAIRMENT LOSSES AND INCOME TAX EXPENSE | | | | |
| Personnel costs | 18 | 336,524,229 | 354,949,699 | 380,947,175 |
| Energy costs | | 330,679,391 | 333,238,825 | 301,243,276 |
| Food and beverage | 6 | 208,718,438 | 173,788,840 | 164,299,395 |
| Repairs and maintenance | 6 | 48,610,121 | 75,627,236 | 101,442,125 |
| Rent | 23 | 47,932,759 | 66,778,509 | 86,738,501 |
| Rooms | | 37,016,392 | 48,926,506 | 55,007,035 |
| Others | 17 | 352,897,807 | 351,064,421 | 320,553,122 |
| | | 1,362,379,137 | 1,404,374,036 | 1,410,230,629 |
| INCOME BEFORE INTEREST, DEPRECIATION AND AMORTIZATION, IMPAIRMENT LOSSES AND INCOME TAX EXPENSE | | 772,966,104 | 696,533,754 | 563,049,456 |
| DEPRECIATION AND AMORTIZATION, INTEREST AND IMPAIRMENT LOSSES | | | | |
| Depreciation and amortization | 9 | 255,392,265 | 333,683,900 | 398,822,715 |
| Interest expense | 8, 13, 22 | 80,144,299 | 136,933,256 | 132,547,184 |
| Foreign exchange losses - net | | 12,007,679 | 18,318,204 | 6,036,591 |
| Impairment losses, bad debts written off and provisions | 5, 6, 7, 9 | 3,442,842 | 2,587,635 | 4,250,708 |
| Interest income | 4, 8 | (39,859,178) | (33,711,906) | (33,679,503) |
| Others - net | | (9,550,150) | 3,207,862 | (1,965,226) |
| | | 301,577,757 | 461,018,951 | 506,012,469 |
| INCOME BEFORE INCOME TAX EXPENSE | | 471,388,347 | 235,514,803 | 57,036,987 |
| INCOME TAX EXPENSE | 19 | 152,503,361 | 76,807,708 | 28,021,818 |
| NET INCOME | | 318,884,986 | 158,707,095 | 29,015,169 |

Forward

Years Ended December 31

| | <i>Note</i> | 2016 | 2015 | 2014 |
|--|-------------|---------------------|---------------------|--------------------|
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will never be reclassified to profit or loss | | | | |
| Appraisal increase on property and equipment | 9 | P913,101,845 | P - | P - |
| Actuarial gains on defined benefit plan | 18 | 8,322,675 | 19,796,982 | 76,446,443 |
| Deferred tax effect | 19 | (276,427,356) | (5,939,095) | (22,933,932) |
| | | 644,997,164 | 13,857,887 | 53,512,511 |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation differences for foreign operations | | 9,243,210 | 8,272,530 | 127,685 |
| Net change in fair value of available-for-sale investments | 8 | (1,387,360) | (4,769,050) | 6,069,700 |
| | | 7,855,850 | 3,503,480 | 6,197,385 |
| | | 652,853,014 | 17,361,367 | 59,709,896 |
| TOTAL COMPREHENSIVE INCOME | | P971,738,000 | P176,068,462 | P88,725,065 |
| Net income attributable to: | | | | |
| Equity holders of the Parent Company | | P287,392,497 | P127,211,459 | P9,713,620 |
| Noncontrolling interests | | 31,492,489 | 31,495,636 | 19,301,549 |
| | | P318,884,986 | P158,707,095 | P29,015,169 |
| Other comprehensive income attributable to: | | | | |
| Equity holders of the Parent Company | | P854,154,052 | P144,747,910 | P68,578,731 |
| Noncontrolling interests | | 117,583,948 | 31,320,552 | 20,146,334 |
| | | P971,738,000 | P176,068,462 | P88,725,065 |
| EARNINGS PER SHARE - | | | | |
| Basic and Diluted | 20 | P0.115 | P0.051 | P0.004 |

See Notes to the Consolidated Financial Statements.

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

Year Ended December 31

| | Equity Attributable to Equity Holders of the Parent Company | | | | | | | Deficit | Total | Non controlling Interests (Note 16) | Total Equity |
|--|---|----------------------------|---|---------------------------------------|---|-----------------------------|------------------|----------------|--------------|-------------------------------------|--------------|
| | Capital Stock (Note 16) | Additional Paid-in Capital | Revaluation Surplus on Property and Equipment | Retirement Benefits Reserve (Note 18) | Foreign Currency Translation Adjustment | Fair Value Reserve (Note 8) | | | | | |
| As at January 1, 2016 | P2,498,991,753 | P706,364,357 | P1,841,118,443 | P101,280,259 | P32,442,969 | P3,456,005 | (P1,097,460,906) | P4,086,192,880 | P776,436,112 | P4,862,628,992 | |
| Total Comprehensive Income for the Year | | | | | | | | | | | |
| Net income for the year | - | - | - | - | - | - | 287,392,497 | 287,392,497 | 31,492,489 | 318,884,986 | |
| Other comprehensive income - net of tax effect | - | - | 557,282,121 | 1,008,984 | 9,243,210 | (772,760) | - | 566,761,555 | 86,091,459 | 652,853,014 | |
| | - | - | 557,282,121 | 1,008,984 | 9,243,210 | (772,760) | 287,392,497 | 854,154,052 | 117,583,948 | 971,738,000 | |
| Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect | - | - | (48,876,068) | - | - | - | 48,876,068 | - | - | - | |
| Change in retirement benefits reserve | - | - | - | (206,674) | - | - | 206,674 | - | - | - | |
| As at December 31, 2016 | P2,498,991,753 | P706,364,357 | P2,349,524,496 | P102,082,569 | P41,686,179 | P2,683,245 | (P760,985,667) | P4,940,346,932 | P894,020,060 | P5,834,366,992 | |

See Notes to the Consolidated Financial Statements.

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

Year Ended December 31

| | Equity Attributable to Equity Holders of the Parent Company | | | | | | | | | |
|--|---|----------------------------|---|---------------------------------------|---|-----------------------------|------------------|----------------|-------------------------------------|----------------|
| | Capital Stock (Note 16) | Additional Paid-in Capital | Revaluation Surplus on Property and Equipment | Retirement Benefits Reserve (Note 18) | Foreign Currency Translation Adjustment | Fair Value Reserve (Note 8) | Deficit | Total | Non controlling Interests (Note 16) | Total Equity |
| As at January 1, 2015 | P2,498,991,753 | P706,364,357 | P1,935,665,721 | P89,250,289 | P24,170,439 | P6,222,054 | (P1,319,219,643) | P3,941,444,970 | P745,115,560 | P4,686,560,530 |
| Total Comprehensive Income for the Year | - | - | - | 12,029,970 | 8,272,530 | (2,766,049) | 127,211,459 | 127,211,459 | 31,495,636 | 158,707,095 |
| Net income for the year | - | - | - | 12,029,970 | 8,272,530 | (2,766,049) | - | 17,536,451 | (175,084) | 17,361,367 |
| Other comprehensive income - net of tax effect | - | - | - | 12,029,970 | 8,272,530 | (2,766,049) | 127,211,459 | 144,747,910 | 31,320,552 | 176,088,462 |
| Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect | - | - | (94,547,278) | - | - | - | 94,547,278 | - | - | - |
| As at December 31, 2015 | P2,498,991,753 | P706,364,357 | P1,841,118,443 | P101,280,259 | P32,442,969 | P3,456,005 | (P1,097,460,906) | P4,086,192,880 | P776,436,112 | P4,862,628,992 |

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

Year Ended December 31

| | Equity Attributable to Equity Holders of the Parent Company | | | | | | | | | |
|--|---|----------------------------|---|---------------------------------------|---|-----------------------------|------------------|----------------|-------------------------------------|----------------|
| | Capital Stock (Note 16) | Additional Paid-in Capital | Revaluation Surplus on Property and Equipment | Retirement Benefits Reserve (Note 18) | Foreign Currency Translation Adjustment | Fair Value Reserve (Note 8) | Deficit | Total | Non controlling Interests (Note 16) | Total Equity |
| As at January 1, 2014 | P2,486,991,753 | P706,364,357 | P2,072,860,019 | P37,415,561 | P24,042,754 | P2,701,628 | (P1,469,509,839) | P3,872,866,239 | P724,969,226 | P4,597,835,465 |
| Total Comprehensive Income for the Year | - | - | - | 55,217,000 | 127,685 | 3,520,426 | 9,713,620 | 9,713,620 | 19,301,549 | 29,015,169 |
| Net income for the year | - | - | - | - | - | - | - | 58,865,111 | 844,785 | 59,709,896 |
| Other comprehensive income - net of tax effect | - | - | - | 55,217,000 | 127,685 | 3,520,426 | 9,713,620 | 66,578,731 | 20,146,334 | 88,725,065 |
| Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect | - | - | (137,194,298) | - | - | - | 137,194,298 | - | - | - |
| Change in retirement benefits reserve | - | - | - | (3,382,272) | - | - | 3,382,272 | - | - | - |
| As at December 31, 2014 | P2,486,991,753 | P706,364,357 | P1,935,665,721 | P89,250,289 | P24,170,439 | P6,222,054 | (P1,319,219,643) | P3,941,444,970 | P745,115,560 | P4,686,560,530 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | | Years Ended December 31 | | |
|--|-----------|-------------------------|----------------------|---------------------|
| | Note | 2016 | 2015 | 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income before income tax expense | | P471,388,347 | P235,514,803 | P57,036,987 |
| Adjustments for: | | | | |
| Depreciation and amortization | 9 | 255,392,265 | 333,683,900 | 398,822,715 |
| Interest expense | 8, 13, 22 | 80,144,299 | 136,933,256 | 132,547,184 |
| Net retirement benefits cost | 18 | 20,814,752 | 40,342,055 | 32,167,172 |
| Unrealized foreign exchange loss - net | | 9,243,210 | 8,272,530 | 127,685 |
| Impairment losses | | 3,442,842 | 2,587,635 | 1,255,683 |
| Provisions | 25 | - | (45,575,012) | - |
| Loss (gain) on disposal of property and equipment | | (947,110) | - | 344,940 |
| Interest income | 4, 8 | (39,859,178) | (33,711,906) | (33,679,503) |
| | | 799,619,427 | 678,047,261 | 588,622,863 |
| Changes in: | | | | |
| Receivables | | (25,188,037) | (16,328,580) | 3,309,089 |
| Inventories | | 1,111,077 | (1,482,280) | (2,229,680) |
| Prepaid expenses and other current assets | | (13,420,759) | (26,858,888) | (2,085,898) |
| Accounts payable and accrued expenses | | (14,410,832) | 64,127,114 | 59,410,377 |
| Other current liabilities | | (523,576,556) | 468,612,863 | 2,861,776 |
| | | 224,134,320 | 1,166,117,490 | 649,888,527 |
| Interest received | | 505,729 | 3,456,946 | 2,017,555 |
| Retirement contributions paid | 18 | (21,050,000) | (11,250,000) | (4,000,000) |
| Benefits paid | 18 | (9,606,808) | (8,945,198) | (20,286,657) |
| Income taxes paid | | (85,130,822) | (50,947,041) | (73,373,176) |
| Interest paid | | (63,195,329) | (96,477,022) | (132,547,184) |
| Net cash provided by operating activities | | 45,657,090 | 1,001,955,175 | 421,699,065 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Changes in: | | | | |
| Due from related parties | | 99,298,558 | 30,892,282 | 49,188,758 |
| Other noncurrent assets | | 12,710,611 | 26,002,418 | 7,981,953 |
| Additions to property and equipment | 9 | (9,668,747) | (25,043,772) | (128,692,825) |
| Proceeds from sale of property and equipment | | 8,928,615 | - | - |
| Net cash provided by (used in) investing activities | | 111,269,037 | 31,850,928 | (71,522,114) |

Forward

| | Years Ended December 31 | | | |
|---|--------------------------------|---------------------|---------------------|---------------------|
| | Note | 2016 | 2015 | 2014 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Changes in: | | | | |
| Loans payable | | (P121,030,050) | (P351,776,392) | (P250,675,196) |
| Other noncurrent liabilities | | (4,769,144) | (648,551,702) | (31,619,494) |
| Net cash used in financing activities | | (125,799,194) | (1,000,328,094) | (282,294,690) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 31,126,933 | 33,478,009 | 67,882,261 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 173,168,220 | 139,690,211 | 71,807,950 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 4 | P204,295,153 | P173,168,220 | P139,690,211 |

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Waterfront Philippines, Incorporated (the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994 as an investment holding company for hotel, leisure, and tourism businesses. The Parent Company is listed in the Philippine Stock Exchange (PSE) and is 46%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines.

The details of the equity interest of the Parent Company in its subsidiaries as at December 31, 2016 and 2015 are as follows:

| | 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) | 56 | - |
| Grand Ilocandia Resort and Development, Inc. (GIRDI) | 54 | - |
| Real Estate | | |
| CIMA Realty Phil., Inc. (CIMAR) | - | 56 |
| Fitness Gym | | |
| Waterfront Wellness Group, Inc. (WWGI) | 100 | - |
| International Marketing and Promotion of Casinos | | |
| Mayo Bonanza, Inc. (MBI) | 100 | - |
| Waterfront Promotion Ltd. (WPL) | 100 | - |
| Club Waterfront International Limited (CWIL) | - | 100 |
| Pastries Manufacturing | | |
| Waterfront Food Concepts Inc. (WFC) | 100 | - |
| Hotel Management and Operation | | |
| Waterfront Entertainment Corporation (WEC) | 100 | - |
| Waterfront Hotel Management Corp. (WHMC) | 100 | - |

All of the above subsidiaries were incorporated and registered in the Philippines except for WPL and its subsidiary, CWIL, which were registered in the Cayman Islands.

Management decided to temporarily cease the operations of MBI, WHMC, WPL, CWIL and GIRDI in 2016, 2014, 2003, 2001, 2000, respectively, due to unfavorable economic conditions.

The registered office of the Parent Company is at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City, Cebu.

2. Basis of Preparation

Basis of Accounting

The consolidated financial statements of the Parent Company and its subsidiaries, collectively herein referred to as the Group, have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). They were authorized for issue by the Parent Company's Board of Directors on April 11, 2017.

Details of the Group's accounting policies are included in Note 27.

Basis of Measurement

The consolidated financial statements 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:

| <u>Items</u> | <u>Measurement Basis</u> |
|--|--|
| Land, hotel buildings and improvements, transportation equipment, land improvements, and furniture, fixtures and equipment | Revalued amount less accumulated depreciation and impairment losses |
| Available-for-sale (AFS) investment | Fair value |
| Retirement benefits liability | Present value of the defined benefits obligation (DBO) less fair value of plan assets (FVPA) |

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency except for WPL and CWIL, the functional currency of which is the United States (U.S.) dollar. All financial information presented in Philippine peso has been rounded off to the nearest peso, except when otherwise stated.

3. Use of Judgments and Estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effect in the amounts recognized in the consolidated financial statements is as follows:

Transactions with Philippine Amusement and Gaming Corporation (PAGCOR)

The Group has significant transactions with PAGCOR. Under Presidential Decree (PD) No. 1869, otherwise known as the PAGCOR Charter, PAGCOR is exempted 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 any revocation of PAGCOR's tax exemption privileges as previously provided for in PD No. 1869. In accounting for the Hotel's transactions with PAGCOR, the Group's management and its legal counsel have made a judgment that the amended PD No. 1869 prevails over the amended RR No. 16-2005 (see Note 22).

Operating Lease Commitments - Group as Lessor

The Group has leased out its commercial spaces to third parties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these commercial spaces and thus, accounts for the contracts as operating leases (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 delivery of service.

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 delivery of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the delivery of 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.

Resolution of Tax Case Involving Tax Assessment from the Treasurer of the City of Manila

In consultation with legal counsels, the Group management believes that the compromise agreement executed on December 8, 2015 between APHC and the City of Manila to resolve the tax deficiency assessment filed by the latter against APHC was an adjusting event as at December 31, 2015 as the legal counsels and management have no reasons to believe that the City Council of Manila will not ratify the compromise agreement. Accordingly, APHC recognized the gain on the reversal of the provision it previously setup for the case amounting to P39.73 million which was presented as part of "Others" in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2015 (see Note 25).

Provisions and Contingencies

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 resolutions. The Group's management and legal counsels have made a judgment that the positions of the Group are sustainable and, accordingly, believe that the Group does not have a present obligation (legal or constructive) with respect to such assessments and claims (see Note 24).

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 statement of financial position.

Classifying Receivables from Related Parties

The Group exercises judgment in classifying the receivables from related parties as under current assets or noncurrent assets based on the expected realization of the receivables. The Group takes into account the credit rating and other financial information about the related parties to assess their ability to settle the Group's outstanding receivables. Related party receivables that are expected to be realized within twelve months after the reporting period or within the Group's normal operating cycle are considered current assets.

Estimation Uncertainties

Information about estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Allowance for Impairment Losses on Receivables and Due from Related Parties

The Group maintains an allowance for impairment losses on receivables, 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 related accounts. These factors include, but are not limited to, the length of the Group's relationship with its customers or debtor, their payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgments 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 an allowance against the recorded receivable amount.

Allowance for impairment losses on receivables and due from related parties as at December 31, 2016 and 2015 amounted to P83.50 million and P81.21 million, respectively. The total carrying amount of the receivables and due from related parties amounted to P2.11 billion and P2.16 billion as at December 31, 2016 and 2015, respectively (see Notes 5 and 8).

Net Realizable Value (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.

The Group's inventories as at December 31, 2016 and 2015 amounted to P28.19 million and P29.30 million, respectively (see Note 6).

Revaluation of Property and Equipment

The Group carries certain classes of property and equipment at fair value, with changes in fair value being recognized in other comprehensive income (OCI). The Group engaged independent valuation specialists to assess fair value. Fair value is determined with references to transactions involving properties of a similar nature, location and condition.

The key assumptions used to determine the fair value of properties are provided in Note 9.

Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

As at December 31, 2016 and 2015, the carrying amount of property and equipment amounted to P6.59 billion and P5.93 billion, respectively (see Note 9).

Impairment of Nonfinancial Assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

In 2014, the Group recognized impairment losses on its unused VAT and certain property and equipment amounting to P2,995,025 and P662,672, respectively (see Notes 7 and 9).

As at December 31, 2016 and 2015, there is no indication of impairment on the Group's prepaid expenses and other current assets, property and equipment and other noncurrent assets.

Defined Benefit Plan

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The discount rate assumption is based on the Philippine Daily Exchange benchmark market yields on government bonds considering average years of remaining working life of the employees as the estimated term of the defined benefit obligation.

As at December 31, 2016 and 2015, the retirement liability amounted to P98.52 million and P117.44 million, respectively. Net retirement benefits cost in 2016, 2015 and 2014 amounted to P20.81 million, P40.34 million and P32.17 million, respectively (see Note 18).

Taxes

Deferred tax assets are recognized for financial statement and tax differences to the extent that it is probable that taxable profit will be available against which these differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group recognized deferred tax assets amounting to P41.09 million and P124.05 million as at December 31, 2016 and 2015, respectively, (see Note 19).

4. Cash and Cash Equivalents

This account consists of:

| | 2016 | 2015 |
|-----------------------|---------------------|---------------------|
| Cash in banks | P159,803,886 | P151,148,111 |
| Short-term placements | 26,407,387 | 19,078,834 |
| Cash on hand | 18,083,880 | 2,941,275 |
| | P204,295,153 | P173,168,220 |

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

Short-term placements earn interest at annual average of 0.13% to 2.88% in 2016 and 2015 and have average maturities ranging from 30 to 35 days for both years.

Related interest income recognized in profit or loss amounted to P2.03 million, P1.98 million and P2.02 million in 2016, 2015 and 2014, respectively.

5. Receivables

This account consists of:

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Trade | P248,757,489 | P220,585,472 |
| Advances to employees | 6,852,387 | 12,633,611 |
| Others | 2,148,399 | 507,209 |
| | 257,758,275 | 233,726,292 |
| Less allowance for impairment losses on trade receivables | 22,311,128 | 20,024,340 |
| | P235,447,147 | P213,701,952 |

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

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

| | 2016 | 2015 | 2014 |
|---------------------------------|--------------------|--------------------|--------------------|
| Beginning balance | P20,024,340 | P17,436,705 | P22,553,897 |
| Impairment loss during the year | 3,442,842 | 2,587,635 | 3,375,366 |
| Write-off during the year | (1,156,054) | - | (4,604,843) |
| Reversal during the year | - | - | (3,887,715) |
| Ending balance | P22,311,128 | P20,024,340 | P17,436,705 |

6. Inventories

This account consists of the following:

| | 2016 | 2015 |
|--------------------------------------|--------------------|--------------------|
| Food and beverage | P16,196,062 | P16,372,606 |
| Operating supplies | 10,624,757 | 10,212,945 |
| Engineering and maintenance supplies | 1,366,285 | 2,712,630 |
| | P28,187,104 | P29,298,181 |

The cost of food and beverage charged to profit or loss amounted to P208.72 million, P173.79 million and P164.30 million in 2016, 2015 and 2014, respectively, and is presented as "Food and beverage" account in profit or loss.

In 2014, the Group provided an allowance to write-down the cost of food and beverage and operating supplies to NRV amounting to P562,797 and P542,563, respectively. These inventories were subsequently written off in 2015.

The Group recognized expenses for operating supplies amounting to P28.82 million, P41.30 million and P37.65 million in 2016, 2015 and 2014, respectively, and are presented as "Supplies," which is part of expenses under "Others" account in profit or loss, while the expenses for engineering and maintenance supplies amounting to P48.61 million, P75.63 million and P101.44 million in 2016, 2015 and 2014, respectively, are included under "Repairs and maintenance" account in profit or loss.

7. Prepaid Expenses and Other Current Assets

This account consists of:

| | 2016 | 2015 |
|-----------------------------|--------------------|--------------------|
| Input value-added tax (VAT) | P43,455,636 | P47,233,169 |
| Prepaid taxes | 20,769,412 | 15,799,970 |
| Short-term investment | 12,251,466 | - |
| Advances to suppliers | 8,311,836 | 9,090,093 |
| Prepaid expenses | 5,001,755 | 4,245,872 |
| Others | 612,860 | 613,102 |
| | P90,402,965 | P76,982,206 |

In 2014, certain subsidiaries had written off unused VAT amounting to a total of P2,995,025, presented as part of "impairment losses, bad debts written off and provisions" in the statement of profit or loss and other comprehensive income.

8. Related Party Transactions

The Group's related party transactions include transactions with its key management personnel (KMP) and related parties in the table below:

| Related Party | Relationship with the Group |
|---|-----------------------------|
| TWGI | Ultimate Parent |
| Pacific Rehouse Corp. (PRC) | Stockholder |
| Metro Alliance Holdings and Equities Corp. (MAHEC) | Stockholder |
| Philippine Estates Corporation (PHES) | Stockholder |
| Crisanta Realty Development Corp. (Crisanta Realty) | Stockholder |
| Forum Holdings Corporation (FHC) | Stockholder |
| East Asia Oil & Mining Company, Inc. (East Asia) | Stockholder |
| Plastic City Industrial Corporation (PCIC) | Under common control |
| Wellex Industries, Inc. (WII) | Under common control |

Significant Transactions with Related Parties

The Group's transactions with related parties consists of (in thousands):

| Category/Transaction | Year | Note | Amount of the Transaction | Due from Related Parties | | Advances to Subsidiaries* | Due to Subsidiaries* | Terms and Conditions |
|--|------|------|---------------------------|--------------------------|------------|---------------------------|----------------------|---|
| | | | | Current | Noncurrent | | | |
| Stockholders | | | | | | | | |
| ▪ TWGI | | | | | | | | |
| Advances, interest and settlement | 2016 | 8a | P24,301 | P861,550 | P - | P - | P - | Secured; interest-bearing; subject to re-pricing; due in one year subject to renewal; net of allowance for impairment |
| | 2015 | 8a | 13,245 | 945,471 | - | - | - | |
| ▪ PRC | | | | | | | | |
| Advances, interest and settlement | 2016 | 8a | 10,415 | 531,158 | - | - | - | Secured; interest-bearing; subject to re-pricing; due in one year subject to renewal |
| | 2015 | 8a | 10,211 | 520,743 | - | - | - | |
| ▪ MAHEC | | | | | | | | |
| Advances, interest and settlements | 2015 | 8a | 365,933 | - | - | - | - | |
| ▪ Crisanta Realty | | | | | | | | |
| Advances and interest | 2016 | 8a | 14,865 | 7,465 | 340,197 | - | - | Unsecured; interest-bearing; subject to re-pricing; due in five years |
| | 2015 | 8a | 332,797 | - | 332,797 | - | - | |
| ▪ PHES | | | | | | | | |
| Advances and interest | 2016 | 8b | - | 92,054 | - | - | - | Unsecured; noninterest-bearing; subject to re-pricing; due on demand |
| | 2015 | 8b | 5,700 | 92,054 | - | - | - | |
| ▪ Others | | | | | | | | |
| Advances and interest | 2016 | 8b | - | 45,673 | - | - | - | Unsecured; noninterest-bearing; subject to re-pricing; due on demand |
| | 2015 | 8b | 776 | 51,943 | - | - | - | |
| Subsidiaries | | | | | | | | |
| ▪ WCCCHI | | | | | | | | |
| Advances and settlement | 2016 | 8c | 560,525 | - | - | 510,821 | - | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 8c | 135,053 | - | - | 560,525 | - | |
| Deposits for future stock subscription | 2016 | 8d | - | - | - | 1,000,000 | - | Unsecured; noninterest-bearing |
| | 2015 | 8d | - | - | - | 1,000,000 | - | |
| ▪ DIHCI | | | | | | | | |
| Advances and settlements | 2016 | 8e | 10,257 | - | - | - | 5,425 | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 8e | 5,167 | - | - | - | 15,682 | |
| ▪ APHC | | | | | | | | |
| Advances and settlements | 2016 | 8e | 196,967 | - | - | - | 173,447 | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 8e | 43,776 | - | - | - | 370,414 | |
| ▪ GIRDI | | | | | | | | |
| Advances and settlements | 2016 | 8e | 1,803 | - | - | - | 207,838 | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 8e | 1,739 | - | - | - | 209,641 | |
| <i>Forward</i> | | | | | | | | |

| Category/Transaction | Year | Note | Amount of the Transaction | Due from Related Parties | | Advances to Subsidiaries* | Due to Subsidiaries* | Terms and Conditions |
|--|-------------|------|---------------------------|--------------------------|-----------------|---------------------------|----------------------|---|
| | | | | Current | Noncurrent | | | |
| Subsidiaries | | | | | | | | |
| ▪ WHMC | | | | | | | | |
| Advances and settlement | 2016 | 8c | 1,303 | - | - | - | - | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 8c | 11,029 | - | - | - | - | |
| ▪ MBI | | | | | | | | |
| Advances and settlement | 2016 | 8c | 6,097 | - | - | - | - | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 8c | 2,999 | - | - | 13,241 | - | |
| Deposits for future stock subscription | | | | | | | | |
| | 2016 | 8d | - | - | - | - | - | Unsecured; noninterest-bearing |
| | 2015 | 8d | - | - | - | 35,000 | - | |
| ▪ WWGI | | | | | | | | |
| Advances and settlement | 2016 | 8c | 185 | - | - | - | - | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 8c | 148 | - | - | 462 | - | |
| Deposits for future stock subscription | | | | | | | | |
| | 2016 | 8d | - | - | - | - | - | Unsecured; noninterest-bearing |
| | 2015 | 8d | - | - | - | 13,000 | - | |
| ▪ WMCHI | | | | | | | | |
| Advances and settlement | 2016 | 8e | 16,039 | - | - | - | 189,535 | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 8e | 163,895 | - | - | - | 173,496 | |
| ▪ WEC | | | | | | | | |
| Advances and settlement | 2016 | 8c | 6,681 | - | - | 92 | - | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 8c | 73 | - | - | 6,773 | - | |
| ▪ WFC | | | | | | | | |
| Advances and settlement | 2016 | 8c | 184 | - | - | - | - | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 8c | 153 | - | - | 57 | - | |
| Deposits for future stock subscription | | | | | | | | |
| | 2016 | 8d | - | - | - | - | - | Unsecured; noninterest-bearing |
| | 2015 | 8d | - | - | - | 6,000 | - | |
| ▪ WPL | | | | | | | | |
| Advances and settlement | 2016 | 8e | 283 | - | - | - | 195,126 | Unsecured; noninterest-bearing; due on demand |
| | 2015 | 8e | 212 | - | - | - | 195,409 | |
| KMP | | | | | | | | |
| ▪ Short-term employee benefits | | | | | | | | |
| | 2016 | | 26,681 | - | - | - | - | - |
| | 2015 | | 22,153 | - | - | - | - | - |
| ▪ Post-employment benefits | | | | | | | | |
| | 2016 | | 6,105 | - | - | - | - | - |
| | 2015 | | 11,189 | - | - | - | - | - |
| TOTAL | 2016 | | | P1,537,900 | P340,197 | P1,510,913 | P771,371 | |
| TOTAL | 2015 | | | P1,610,211 | P332,797 | P1,635,058 | P984,642 | |

*Eliminated during consolidation

a. Interest-bearing Advances to Related Parties

The Group granted interest-bearing advances to TWGI, PRC, MAHEC and Crisanta Realty.

The advances granted to TWGI and PRC were substantially used to finance the acquisition or development of real properties for the Parent Company. These advances are payable on demand and charge interest at 2% per annum. TWGI paid P82.33 million in 2016 and P108.6 million in 2015 while PRC had no payments in 2016 and 2015.

Interest receivable from TWGI amounted to P124.86 million and P112.31 million as at December 31, 2016 and 2015, respectively, while interest receivable from PRC amounted to P55.64 million and P45.23 million as at December 31, 2016 and 2015, respectively. Allowance for impairment losses on receivables from TWGI amounted to P61.19 million as at December 31, 2016 and 2015.

On February 5, 2015, the Parent Company, APHC, TWGI, PRC and MAHEC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI, PRC and MAHEC will be settled using parcels of land owned by PRC. Subject to the other specific terms of the MOU, the settlement shall be effective upon completion of titling of the subject property by PRC, which is currently ongoing. However, the advances to MAHEC was fully paid through cash settlement as at December 31, 2015.

On February 19, 2016, the parties made amendments to the previously issued MOU for the settlement of all outstanding liabilities of TWGI and MAHEC to the Parent Company. The amended MOU stated that MAHEC shall no longer be a party to the said MOU, and all references to any obligation or rights that MAHEC shall have under the said MOU shall no longer be in force. All other terms and conditions shall remain unchanged.

As at December 31, 2016, the fair value of PRC's land based on valuation performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the land being valued, amounted to P1.63 billion.

On December 21, 2015, the Parent Company granted advances to Crisanta Realty with an interest of 2% and maturity on December 21, 2020. It was agreed that Crisanta Realty has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses or fails to pay the principal and interest within the time agreed upon, the same shall be due and demandable. Accretion income and expense of P7.40 million and P40.46 million was recognized and recorded as part of "Interest income" and "Interest expense" in 2016 and 2015, respectively, in profit or loss to show the effect of the time value of money on the said advances.

b. Noninterest-bearing Advances to Related Parties

The Group has noninterest-bearing, collateral free advances to PHES, FHC, PCIC and East Asia with no fixed term of repayment. The said advances are due and demandable at anytime.

The collectability of the aforementioned advances is unconditionally recognized and guaranteed by a stockholder of the Group, representing the majority stockholders.

c. Advances to Subsidiaries

These mainly represent funds provided to support subsidiaries' daily operations and to finance the construction and completion of certain hotel projects. These include interest charges on loans.

d. Deposits to Subsidiaries

These represent amounts set aside that will be used as subscription payments by the Parent Company once the planned increase in the authorized capital stock of the subsidiaries materialize.

e. Due to Subsidiaries

In the ordinary course of business, the Parent Company obtains noninterest-bearing, collateral-free cash and non-cash advances from related parties for working capital purposes, as well as to finance the construction of its hotel projects. The above advances are due and demandable at anytime.

In July and August 2005, the BOD approved the conversion of APHC's net receivables from related parties amounting to P43.30 million into 86.71 million shares of stock of WII which are listed in the PSE. The conversion resulted to a loss on exchange of assets of P31.10 million for APHC. The fair market value of the shares based on closing market price as at December 31, 2016 and 2015 amounted to P16.82 million and P18.21 million, respectively. Valuation loss recognized in OCI in 2016 and 2015 amounted to P1.39 million and P4.77 million, respectively, while a valuation gain amounting to P6.07 million was recognized in 2014.

All related party balances, other than those included in the MOU in Note 8a, are expected to be settled in cash. Total interest income on the abovementioned advances amounted to P30.43 million, P31.73 million and P31.66 million in 2016, 2015 and 2014, respectively.

9. Property and Equipment

Movements in this account are as follows:

| For the Year Ended December 31, 2016 | | | | | | | | | |
|--|-----------------------|-------------------|-------------------|-----------------------|----------------------|--------------------|-------------------|----------------|-----------------------|
| <i>Measurement Basis:</i> | Land | Land | Leasehold | Hotel | Furniture, | Operating | Transportation | Construction- | Total |
| | <i>Revalued</i> | <i>Revalued</i> | <i>At Cost</i> | <i>Revalued</i> | <i>Revalued</i> | <i>At Cost</i> | <i>Revalued</i> | <i>At Cost</i> | |
| Beginning balance | P1,033,652,000 | P16,945,425 | P65,062,016 | P8,250,247,449 | P1,035,776,038 | P262,185,093 | P11,910,643 | P - | P10,675,778,664 |
| Additions | - | - | 57,787 | 1,197,169 | 4,367,230 | 4,046,561 | - | - | 9,668,747 |
| Disposals | - | - | (40,266,679) | - | (11,560,462) | - | - | - | (51,827,141) |
| Retirement | - | - | - | (118,455,021) | (158,924,241) | - | (15,618) | - | (277,394,880) |
| Appraisal increase | 42,628,000 | 75,720 | - | 669,549,600 | 197,963,512 | - | 2,885,013 | - | 913,101,845 |
| Ending balance | 1,076,280,000 | 17,021,145 | 24,853,124 | 8,802,539,197 | 1,067,622,077 | 266,231,654 | 14,780,038 | - | 11,269,327,235 |
| Accumulated Depreciation and Amortization | | | | | | | | | |
| Beginning balance | - | 14,806,679 | 48,183,253 | 3,519,561,063 | 923,751,004 | 233,941,879 | 9,902,758 | - | 4,750,146,636 |
| Depreciation and amortization | - | 232,899 | 3,820,697 | 187,121,867 | 40,780,127 | 22,353,182 | 1,083,493 | - | 255,392,265 |
| Disposals | - | - | (34,631,680) | - | (9,213,956) | - | - | - | (43,845,636) |
| Retirement | - | - | - | (118,455,021) | (158,924,241) | - | (15,618) | - | (277,394,880) |
| Ending balance | - | 15,039,578 | 17,372,270 | 3,588,227,909 | 796,392,934 | 256,295,061 | 10,970,633 | - | 4,684,298,365 |
| Carrying Amount | P1,076,280,000 | P1,981,567 | P7,480,854 | P5,214,311,288 | P271,229,143 | P9,936,593 | P3,809,405 | P - | P6,585,028,850 |

| For the Year Ended December 31, 2015 | | | | | | | | | |
|--|-----------------------|-------------------|--------------------|-----------------------|----------------------|--------------------|-------------------|----------------|-----------------------|
| <i>Measurement Basis:</i> | Land | Land | Leasehold | Hotel | Furniture, | Operating | Transportation | Construction- | Total |
| | <i>Revalued</i> | <i>Revalued</i> | <i>At Cost</i> | <i>Revalued</i> | <i>Revalued</i> | <i>At Cost</i> | <i>Revalued</i> | <i>At Cost</i> | |
| Beginning balance | P1,033,652,000 | P16,945,425 | P63,573,014 | P8,197,656,439 | P1,021,837,614 | P258,087,026 | P11,910,643 | P47,128,981 | P10,650,791,142 |
| Additions | - | - | 1,489,002 | 295,398 | 13,994,674 | 2,579,567 | - | 6,685,133 | 25,043,772 |
| Retirement | - | - | - | - | (56,250) | - | - | - | (56,250) |
| Reclassification | - | - | - | 52,295,614 | - | 1,518,500 | - | (53,814,114) | - |
| Ending balance | 1,033,652,000 | 16,945,425 | 65,062,016 | 8,250,247,449 | 1,035,776,038 | 262,185,093 | 11,910,643 | - | 10,675,778,664 |
| Accumulated Depreciation and Amortization | | | | | | | | | |
| Beginning balance | - | 11,086,263 | 46,267,913 | 3,325,665,264 | 808,969,884 | 215,610,031 | 8,939,631 | - | 4,416,518,986 |
| Depreciation and amortization | - | 3,740,416 | 1,915,340 | 193,895,799 | 114,837,370 | 18,331,848 | 963,127 | - | 333,683,900 |
| Retirement | - | - | - | - | (56,250) | - | - | - | (56,250) |
| Ending balance | - | 14,806,679 | 48,183,253 | 3,519,561,063 | 923,751,004 | 233,941,879 | 9,902,758 | - | 4,750,146,636 |
| Carrying Amount | P1,033,652,000 | P2,138,746 | P16,878,763 | P4,730,686,386 | P112,025,034 | P28,243,214 | P2,007,885 | P - | P5,925,632,028 |

The Group engaged an independent firm of appraisers to determine the fair value of certain classes of its property and equipment, specifically hotel buildings and improvements, furniture, fixtures and equipment, land improvements and transportation equipment, which are 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 fair value, an estimate was made in accordance with the prevailing 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. The latest revaluation was in July 2016 which resulted to the increase in the gross carrying amount of property and equipment amounting to P913.10 million.

Had the following classes of property and equipment been carried at cost less accumulated depreciation, their carrying amounts would have been as follows:

| | 2016 | 2015 |
|-----------------------------------|-----------------------|-----------------------|
| Hotel buildings and improvements | P1,946,061,894 | P2,036,318,033 |
| Land | 650,515,909 | 650,515,909 |
| Furniture, fixtures and equipment | 133,061,735 | 171,273,171 |
| Land improvements | 8,622,705 | 8,812,451 |
| Transportation equipment | 982,809 | 1,740,289 |
| | P2,739,245,052 | P2,868,659,853 |

Depreciation on cost charged to profit or loss amounted to P161.15 million, P175.36 million and P168.41 million in 2016, 2015 and 2014, respectively. Depreciation on appraisal increase charged to profit or loss amounted to P94.24 million, P158.32 million and P230.41 in 2016, 2015 and 2014, respectively.

In 2014, the Group recognized an impairment loss on certain property and equipment amounting to P662,672 due to damages suffered from the 7.2 magnitude earthquake on October 15, 2013.

The revaluation increment absorbed through depreciation and transferred directly to retained earnings, net of deferred tax effect, amounted to P48.88 million and P94.55 million in 2016 and 2015, respectively. The carrying amount of the revaluation surplus amounting to P2.35 billion and P1.84 billion as at December 31, 2016 and 2015, respectively, is not available for distribution to shareholders.

10. Other Noncurrent Assets

This account consists of:

| | 2016 | 2015 |
|--------------------------|--------------------|--------------------|
| Refundable deposits | P15,752,437 | P23,743,549 |
| Special project deposits | 636,721 | 196,742 |
| Rent receivable | - | 10,522,583 |
| Others | 11,588,954 | 6,225,849 |
| | P27,978,112 | P40,688,723 |

Refundable deposits refer to security deposits on utilities, electricity, rental, returnable containers and others. Special project deposits pertain to deposits granted to contractors in connection with the renovation work of WCCCHI and APHC.

Others represent deposits to service providers such as security and janitorial services.

11. Accounts Payable and Accrued Expenses

This account consists of:

| | Note | 2016 | 2015 |
|---------------------------------------|------|-----------------------|-----------------------|
| Trade payables | | P319,713,743 | P382,778,887 |
| Accrued: | | | |
| Interest and penalties | 13 | 866,355,691 | 806,552,522 |
| Salaries, wages and employee benefits | | 14,319,024 | 13,460,693 |
| Utilities | | 11,577,999 | 11,029,506 |
| Rent | | 517,815 | 7,846,575 |
| Other accruals | | 38,911,795 | 56,433,516 |
| Local taxes and output VAT | | 26,340,803 | 34,716,014 |
| Service charges | | 5,951,770 | 5,466,693 |
| Guest deposits | | 4,556,859 | 2,131,210 |
| Withholding taxes payable | | 2,642,044 | 4,274,541 |
| Service charges withheld | | 1,826,057 | 1,562,793 |
| Unclaimed wages | | 870,886 | 627,971 |
| Due to contractors | | - | 2,793,657 |
| Other payables | | 64,781,405 | 37,034,868 |
| | | P1,358,365,891 | P1,366,709,446 |

Trade payables are noninterest-bearing and are normally on 30-day terms.

Other payables include commissions, sponsorships, gift certificates issued and sundry payables.

12. Other Current Liabilities

This account consists of:

| | 2016 | 2015 |
|-------------------------------------|--------------------|---------------------|
| Concessionaires' and other deposits | P20,027,801 | P399,136,294 |
| Deferred income | 4,616,383 | 5,871,088 |
| Current portion of advance rental | - | 136,544,377 |
| Others | 1,000,000 | 1,000,000 |
| | P25,644,184 | P542,551,759 |

Others represent a P1 million 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 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, 2016 and 2015 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.

13. Loans Payable

This account consists of liabilities to the following:

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Social Security System (SSS) | P375,000,000 | P375,000,000 |
| Industrial and Commercial Bank of China Singapore Branch (ICBC) | - | 74,735,932 |
| Philippine Business Bank, Inc. (PBB) | - | 46,294,118 |
| | P375,000,000 | P496,030,050 |

SSS Loan

On October 28, 1999, the Parent Company 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 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, when 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 P30.50 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 totaling 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 Regional Trial Court (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 P452.80 million. After the lapse of three (3) months from the issuance of RTC order, no attachment bond was 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 P452.80 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.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Parent Company to return to SSS the principal amount of loan amounting to P375 million and directed the SSS to return to the Parent Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS appealed with the CA assailing the RTC of Quezon City decision in favor of the Parent Company, et al. SSS filed its Appellant's Brief and the Parent Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Parent Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Parent Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Parent Company from the Philippine Mediation Center Unit – Court of Appeals (PMCU-CA) directing the Parent Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

As at the report date, both parties have not yet appeared before the PMCU-CA for the settlement of the dispute.

Outstanding principal balance of the loan amounted to P375 million as at December 31, 2016 and 2015. Accrued interest and penalties, presented as part of "Accrued interest and penalties" under "Accounts payable and accrued expenses" account in the consolidated statement of financial position, amounted to P866.36 million and P806.55 million as at December 31, 2016 and 2015, respectively (see Note 11).

ICBC Loan

On March 27, 1995, the Parent Company entered into a Facility Agreement with ICBC for a US\$15.00 million loan which was restructured several times, the latest of which was on November 12, 2013 after the Parent Company made partial payment of US\$700,000. Net carrying value of the loan as at December 31, 2015 amounted to P74,735,932 (US\$1,584,530). It was fully paid on March 31, 2016.

Total interest paid in 2016, 2015, and 2014 amounted to P1.09 million, P6.76 million and P10.22 million, respectively, and is presented as part of "Interest expense" in the consolidated statement of profit or loss and other comprehensive income.

PBB Loan

On April 8, 2014, WMCHI entered into a loan agreement with PBB amounting to P150 million with a stated interest rate fixed at 8% per annum, which was repriced every month and payable in arrears. The loan was exclusively used for the renovation and refurbishment of the Group's hotels in Cebu and Manila. Outstanding balance of the loan as at December 31, 2015 amounted to P46.29 million. It was fully paid on April 29, 2016.

In 2016, 2015 and 2014, interest expense incurred from the ICBC, SSS and PBB loans amounted to P61.13 million, P76.16 million and P113.42 million, respectively, and are recorded as part of "Interest expense" account in the statement of profit or loss and other comprehensive income.

14. Other Noncurrent Liabilities

The account consists of:

| | 2016 | 2015 |
|-------------------------------|-------------------|--------------------|
| Deposits from concessionaires | P4,548,003 | P2,909,354 |
| Accrued rent | 2,029,956 | 2,284,379 |
| Advance rental | - | 6,153,370 |
| | P6,577,959 | P11,347,103 |

15. 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 27 to the consolidated financial statements.

The following table presents the revenue and profit information regarding industry segments for the years ended December 31, 2016 and 2015 and certain asset and liability information regarding industry segments as at December 31, 2016, 2015 and 2014 (in millions):

| | Hotel Operations | | | Marketing Operations | | | Corporate and Other Operations | | | Eliminations | | | Consolidated | | |
|---|------------------|---------------|---------------|----------------------|--------------|--------------|--------------------------------|---------------|---------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 |
| TOTAL REVENUES | | | | | | | | | | | | | | | |
| External sales | P2,095 | P2,023 | P1,880 | P - | P - | P - | P49 | P89 | P93 | (P9) | (P11) | P - | P2,135 | P2,101 | P1,973 |
| RESULTS | | | | | | | | | | | | | | | |
| Segment results | P646 | P132 | P147 | (P1) | (P1) | (P1) | (P40) | (P24) | (P41) | P - | P254 | P55 | P605 | P361 | P160 |
| OTHER INCOME (LOSS) | | | | | | | | | | | | | | | |
| Interest expense | (80) | (97) | (128) | - | - | (5) | - | (40) | - | - | - | - | (80) | (137) | (133) |
| Interest income | 1 | 1 | 1 | - | - | - | 39 | 33 | 33 | - | - | - | 40 | 34 | 34 |
| Benefit from (provision for) income taxes | (145) | (72) | (25) | - | - | - | (7) | (5) | (3) | - | - | - | (152) | (77) | (28) |
| Others | (94) | (10) | - | (11) | (10) | (4) | (51) | (2) | - | 62 | - | - | (94) | (22) | (4) |
| Total Other Income (Loss) | (318) | (178) | (152) | (11) | (10) | (9) | (19) | (14) | 30 | 62 | - | - | (286) | (202) | (131) |
| Net Income (Loss) | P328 | (P46) | (P5) | (P12) | (P11) | (P10) | (P59) | (P38) | (P11) | P62 | P254 | P55 | P319 | P159 | P29 |
| OTHER INFORMATION | | | | | | | | | | | | | | | |
| Segment assets | P7,569 | P7,032 | P7,737 | P220 | P220 | P220 | P4,737 | P4,929 | P5,256 | (P3,460) | (P3,760) | (P4,480) | P9,066 | P8,421 | P8,733 |
| Deferred tax assets | 40 | 120 | 197 | - | - | - | 1 | 4 | 4 | - | - | - | 41 | 124 | 201 |
| Consolidated Total Assets | P7,609 | P7,152 | P7,934 | P220 | P220 | P220 | P4,738 | P4,933 | P5,260 | (P3,460) | (P3,760) | (P4,480) | P9,107 | P8,545 | P8,934 |
| Segment liabilities | P2,079 | P2,942 | P3,776 | P64 | P62 | P60 | P2,321 | P2,336 | P2,465 | (P2,530) | (P2,768) | (P3,229) | P1,934 | P2,572 | P3,072 |
| Deferred tax liabilities | 1,339 | 1,110 | 1,175 | - | - | - | - | - | - | - | - | - | 1,339 | 1,110 | 1,175 |
| Consolidated Total Liabilities | P3,418 | P4,052 | P4,951 | P64 | P62 | P60 | P2,321 | P2,336 | P2,465 | (P2,530) | (P2,768) | (P3,229) | P3,273 | P3,682 | P4,247 |
| Other Segment Information | | | | | | | | | | | | | | | |
| Capital expenditures | P8 | P22 | P128 | P - | P - | P - | P1 | P3 | P1 | P - | P - | P - | P9 | P25 | P129 |
| Depreciation and amortization | 250 | 327 | 391 | - | - | - | 5 | 7 | 8 | - | - | - | 255 | 334 | 399 |

16. Capital Stock and Noncontrolling Interests

Capital Stock

Details of capital stock of the Parent Company as at December 31, 2016 and 2015 are as follows:

| | Number of common shares | Amount |
|---|----------------------------|----------------|
| Authorized capital stock at P1 par value per share | 5,000,000,000 | P5,000,000,000 |
| Issued and outstanding | 2,498,991,753 | P2,498,991,753 |

A summary of the Parent Company's securities registration is as follows:

| <u>Date of Registration/Listing</u> | <u>Securities</u> |
|---|---|
| March 17, 1995 (Initial Public Offering) | 112.50 million shares On October 7, 1994, the SEC approved the increase in the authorized capital stock of the Parent Company to P450 million divided into 450 million shares with a par value of P1 per share, out of which, 337.50 million shares were already subscribed. |
| April 18, 1996 | 944.97 million shares On September 18, 1995, the BOD resolved to increase the authorized capital stock of the Parent Company to P2 billion divided into 2 billion shares with a par value of P1 per share. The purpose of the increase was to finance the construction of WCCCHI's hotel project. |
| December 15, 1999 | 888.47 million shares On August 7, 1999, the BOD resolved to increase the authorized capital stock of the Parent Company to P5 billion divided into 5 billion shares with a par value of P1 per share. The purpose of the increase was to accommodate the acquisition of DIHCI's outstanding common shares for 888.47 million shares of the Parent Company with an offer price of P2.03 per share. |

The Parent Company has not sold any unregistered securities for the past three years. As at December 31, 2016, 1.95 billion shares of the Parent Company are listed in the PSE and has a total of 457 shareholders.

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 per share. 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. As at December 31, 2016, the Parent Company has no updated plans to increase its authorized capital stock, or to modify any issued shares or to exchange them to another class.

Noncontrolling Interests (NCIs)

The details of the Group's material NCIs are as follows (in thousands):

| | December 31, 2016 | | December 31, 2015 | |
|--|-------------------|----------|-------------------|----------|
| | APHC | GIRDI | APHC | GIRDI |
| Percentage of NCI | 44% | 46% | 44% | 46% |
| Carrying amount of NCI | P685,239 | P198,682 | P568,965 | P198,654 |
| Net income attributable to NCI | P31,218 | P26 | P33,039 | P24 |
| Other comprehensive income (loss) attributable to NCIs | P85,055 | P - | (P156) | P - |

The following are the audited condensed financial information of investments in subsidiaries with material NCIs (in thousands):

| | December 31, 2016 | | December 31, 2015 | |
|---|-------------------|------------|-------------------|------------|
| | APHC | GIRDI | APHC | GIRDI |
| Total assets | P2,316,169 | P471,034 | P2,331,982 | P471,520 |
| Total liabilities | (699,022) | (39,116) | (977,304) | (39,660) |
| Net assets | P1,617,147 | P431,918 | P1,354,678 | P431,860 |
| Revenue | P589,238 | P1,521 | P625,647 | P1,477 |
| Net income | P70,470 | P57 | P74,579 | P58 |
| Other comprehensive income | 191,999 | - | (352) | - |
| | P262,469 | P57 | P74,227 | P58 |
| Cash flows provided by (used in) operating activities | (P108,587) | P - | P113,405 | P - |
| Cash flows provided by investing activities | 199,830 | - | 49,550 | - |
| Cash flows used in financing activities | (76,500) | - | (160,264) | - |
| NET INCREASE IN CASH | P14,743 | P - | P2,691 | P - |

17. Other Costs and Expenses

This account consists of:

| | 2016 | 2015 | 2014 |
|---|---------------------|--------------|--------------|
| Laundry, valet and other hotel services | P82,858,545 | P79,973,865 | P31,348,157 |
| Taxes and licenses | 63,209,790 | 37,706,467 | 50,723,091 |
| Supplies | 28,820,855 | 41,296,252 | 37,649,015 |
| Security and other related services | 34,136,908 | 32,841,759 | 34,675,944 |
| Insurance | 21,855,434 | 21,543,413 | 15,477,416 |
| Advertising | 17,146,883 | 17,958,548 | 11,978,871 |
| Corporate expenses | 15,657,090 | 26,250,954 | 23,541,281 |
| Representation and entertainment | 15,395,969 | 6,671,351 | 22,880,146 |
| Data processing | 11,827,756 | 11,685,323 | 18,936,199 |
| Commissions | 11,559,966 | 11,227,322 | 9,884,201 |
| Professional fees | 11,410,836 | 10,642,820 | 8,430,457 |
| Transportation and travel | 10,587,514 | 13,180,135 | 15,861,257 |
| Fuel and oil | 8,498,026 | 10,899,829 | 13,934,675 |
| Communications | 6,190,749 | 7,080,404 | 6,200,659 |
| Guest amenities | 3,174,403 | 3,478,861 | 1,248,694 |
| Guest and laundry valet | 1,598,388 | 1,249,281 | 1,072,501 |
| Meeting expenses | 1,580,499 | 193,801 | 219,325 |
| Trainings and seminars | 52,501 | 30,420 | 206,810 |
| Uniforms | 17,786 | 1,994,748 | 397,768 |
| Miscellaneous | 7,317,909 | 15,158,868 | 15,886,655 |
| | P352,897,807 | P351,064,421 | P320,553,122 |

Miscellaneous include recruitment expense and employee association dues.

18. Retirement Benefits Cost

Certain subsidiaries have noncontributory, defined benefit plans covering substantially all of their 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 plans. Net retirement benefits cost recognized in profit or loss for the years ended December 31, 2016, 2015 and 2014 amounted to P20.81 million, P40.34 million and P32.17 million, respectively, and is presented as part of "Personnel costs" account in profit or loss.

The latest independent actuarial valuation of the plan was as at December 31, 2016, which was prepared using the projected unit credit method. The plans are administered by independent trustees with assets held consolidated for the Group.

The plans are registered with the BIR as a tax-qualified plan under Republic Act No. 4917, as amended.

The reconciliation of the present value of the defined benefits obligation and the fair value of plan assets to the recognized retirement benefits liability as presented in the consolidated statement of financial position is as follows:

| 2016 | DBO | FVPA | Asset Ceiling Adjustment | Retirement Benefits Liability |
|--|--------------|----------------|--------------------------|-------------------------------|
| Balance, January 1, 2016 | P209,197,676 | (P100,815,990) | P8,300,910 | P116,682,596 |
| Included in Profit or Loss | | | | |
| Current service cost | 15,091,937 | - | - | 15,091,937 |
| Net interest income (cost) | 11,138,022 | (5,865,116) | 449,909 | 5,722,815 |
| | 26,229,959 | (5,865,116) | 449,909 | 20,814,752 |
| Included in Other Comprehensive Income | | | | |
| Remeasurement gains (losses) on plan assets: | | | | |
| 1. Actuarial gains (losses) arising from: | | | | |
| ▪ Changes in financial assumptions | (3,859,977) | - | - | (3,859,977) |
| ▪ Changes in demographic assumptions | 2,393,590 | - | - | 2,393,590 |
| ▪ Experience adjustments | (12,337,681) | - | - | (12,337,681) |
| 2. Return on plan assets excluding interest income | - | 3,960,574 | - | 3,960,574 |
| 3. Effect of asset ceiling | - | - | 1,520,819 | 1,520,819 |
| | (13,804,068) | 3,960,574 | 1,520,819 | (8,322,675) |
| Others | | | | |
| Contributions paid by the employer | - | (21,050,000) | - | (21,050,000) |
| Benefits paid from: | | | | |
| Book reserves | (9,606,808) | - | - | (9,606,808) |
| Plan assets | (4,750,165) | 4,750,165 | - | - |
| Balance, December 31, 2016 | P207,266,594 | (P119,020,367) | P10,271,638 | P98,517,865 |
| 2015 | DBO | FVPA | Asset Ceiling Adjustment | Retirement Benefits Liability |
| Balance, January 1, 2015 | P203,796,658 | (P89,517,698) | P2,806,674 | P117,085,634 |
| Included in Profit or Loss | | | | |
| Current service cost | 35,013,384 | - | - | 35,013,384 |
| Net interest income (cost) | 9,796,622 | (4,604,075) | 136,124 | 5,328,671 |
| | 44,810,006 | (4,604,075) | 136,124 | 40,342,055 |
| Included in Other Comprehensive Income | | | | |
| Remeasurement gains (losses) on plan assets: | | | | |
| 4. Actuarial gains (losses) arising from: | | | | |
| ▪ Changes in financial assumptions | (17,044,911) | - | - | (17,044,911) |
| ▪ Changes in demographic assumptions | 5,358,214 | - | - | 5,358,214 |
| ▪ Experience adjustments | (17,663,468) | - | - | (17,663,468) |
| 5. Return on plan assets excluding interest income | - | 4,195,071 | - | 4,195,071 |
| 6. Effect of asset ceiling | - | - | 5,358,112 | 5,358,112 |
| | (29,350,165) | 4,195,071 | 5,358,112 | (19,796,982) |
| Others | | | | |
| Contributions paid by the employer | - | (11,250,000) | - | (11,250,000) |
| Benefits paid from: | | | | |
| Book reserves | (9,305,910) | 360,712 | - | (8,945,198) |
| Balance, December 31, 2015 | P209,950,589 | (P100,815,990) | P8,300,910 | P117,435,509 |

Personnel costs comprise the following:

| | 2016 | 2015 | 2014 |
|-----------------------------|---------------------|---------------------|---------------------|
| Salaries and wages | P296,403,578 | P294,365,171 | P329,324,290 |
| Retirement benefits expense | 20,814,752 | 40,342,055 | 32,167,172 |
| Other employee benefits | 19,305,899 | 20,242,473 | 19,455,713 |
| | P336,524,229 | P354,949,699 | P380,947,175 |

The Group's plan assets consist of the following:

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Investment in government securities | P90,400,862 | P77,195,903 |
| Deposit in banks | 18,430,283 | 10,258,780 |
| Debt instruments - government bonds | 1,407,398 | 1,216,952 |
| Investment in other securities and debt instruments | 1,076,225 | 2,259,759 |
| Cash and cash equivalents | 879,667 | 1,046,020 |
| Debt instruments - other bonds | - | 316,707 |
| Equity instruments | - | 228,253 |
| Other receivables | 6,825,932 | 8,293,616 |
| | P119,020,367 | P100,815,990 |

The principal actuarial assumptions at reporting date are as follows:

| | 2016 | 2015 |
|----------------------|---------------|--------------|
| Discount rate | 5.43% - 5.49% | 5.0% - 5.42% |
| Salary increase rate | 3.0% - 10.0% | 3.0% - 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 12.6 years and 17.1 years as at December 31, 2016 and 2015, respectively.

Maturity analysis of the benefit payments as at December 31 follows:

| | 2016 | 2015 |
|------------------------|---------------------|---------------------|
| Carrying amount | P202,625,066 | P209,950,589 |
| Within 1 year | P8,327,180 | P7,957,161 |
| Within 1-5 years | 121,773,664 | 133,246,265 |
| Contractual cash flows | P130,100,844 | P141,203,426 |

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:

| | 2016 | | 2015 | |
|----------------------|---------------|--------------|------------|------------|
| | +1% | -1% | +1% | -1% |
| Discount rate | (P15,464,129) | P17,620,401 | (P246,622) | P2,291,892 |
| Salary increase rate | 15,438,990 | (13,891,841) | 2,244,476 | (91,876) |

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.

These defined benefit plans expose the Group to actuarial risks such as longevity risk, interest rate risk, and market (investment) risk.

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 plans 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. Hence, there is no expected contribution to the defined benefit plan in 2017.

19. Income Taxes

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

| | 2016 | 2015 | 2014 |
|-------------------------------------|-----------------------|--------------------|--------------------|
| Recognized in Profit or Loss | | | |
| Current tax expense | P116,624,221 | P71,347,136 | P81,521,865 |
| Deferred tax expense (benefit) | 35,879,140 | 5,460,572 | (53,500,047) |
| | P152,503,361 | P76,807,708 | P28,021,818 |
| Recognized in OCI | | | |
| Deferred tax expense (benefit) | (P276,427,356) | P5,939,095 | P22,933,932 |

The reconciliation of the income tax expense computed at the statutory tax rate to the actual income tax expense shown in profit or loss is as follows:

| | 2016 | 2015 | 2014 |
|---|---------------------|--------------------|--------------------|
| Income before income tax | P471,388,347 | P235,514,803 | P57,036,987 |
| Income tax expense at 30% | P141,416,504 | P70,654,441 | P17,111,096 |
| Additions to (reductions in) income tax resulting from the tax effects of: | | | |
| Unrecognized deferred tax assets during the year | 5,734,041 | 2,067,312 | 5,643,264 |
| Nondeductible expenses | 8,808,202 | 13,430,934 | 9,035,802 |
| Loss (income) not subjected to income tax | (3,455,386) | (9,344,979) | 1,191,361 |
| Realization of previously unrecognized deferred tax asset on net operating loss carryover (NOLCO) | - | - | (4,959,705) |
| | P152,503,361 | P76,807,708 | P28,021,818 |

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

| December 31, 2016 | Balance January 1, 2016 | Recognized in Profit or Loss | Recognized in OCI | Balance December 31, 2016 |
|---|-------------------------------|------------------------------------|----------------------|---------------------------------|
| Deferred tax liabilities: | | | | |
| Revaluation surplus on property and equipment | P1,093,657,003 | (P28,271,755) | P273,930,553 | P1,339,315,801 |
| Rental receivable | 11,059,602 | (11,059,602) | - | - |
| Unamortized premium on security deposits | 5,251,709 | (5,251,709) | - | - |
| | 1,109,968,314 | (44,583,066) | 273,930,553 | 1,339,315,801 |
| Deferred tax assets: | | | | |
| Retirement liability | 35,230,653 | (3,178,491) | (2,496,803) | 29,555,359 |
| Allowance for impairment losses on receivables | 5,758,472 | 526,878 | - | 6,285,350 |
| Unamortized past service cost | 3,176,831 | (515,843) | - | 2,660,988 |
| Unrealized foreign exchange loss | 11,749,805 | (10,165,236) | - | 1,584,569 |
| Accrued rent expense | 703,075 | (86,692) | - | 616,383 |
| Unearned revenues | 433,099 | (84,893) | - | 348,206 |
| Minimum Corporate Income Tax (MCIT) | 517,891 | (482,743) | - | 35,148 |
| Rent received in advance | 64,125,456 | (64,125,456) | - | - |
| NOLCO | 2,349,730 | (2,349,730) | - | - |
| | 124,045,012 | (80,462,206) | (2,496,803) | 41,086,003 |
| | P985,923,302 | P35,879,140 | P276,427,356 | P1,298,229,798 |
| December 31, 2015 | | | | |
| Deferred tax liabilities: | | | | |
| Revaluation surplus on property and equipment | P1,141,152,565 | (P47,495,562) | P - | P1,093,657,003 |
| Rental receivable | 22,905,602 | (11,846,000) | - | 11,059,602 |
| Unamortized premium on security deposits | 11,330,990 | (6,079,281) | - | 5,251,709 |
| | 1,175,389,157 | (65,420,843) | - | 1,109,968,314 |
| Deferred tax assets: | | | | |
| Rent received in advance | 125,872,608 | (61,747,152) | - | 64,125,456 |
| Retirement liability | 35,125,689 | 6,044,059 | (5,939,095) | 35,230,653 |
| Unrealized foreign exchange loss | 28,184,611 | (16,434,806) | - | 11,749,805 |
| Allowance for impairment losses on receivables | 4,982,181 | 776,291 | - | 5,758,472 |
| Unamortized past service cost | 2,856,910 | 319,921 | - | 3,176,831 |
| NOLCO | 1,571,840 | 777,890 | - | 2,349,730 |
| Accrued rent expense | 1,232,134 | (529,059) | - | 703,075 |
| Minimum Corporate Income Tax (MCIT) | 365,786 | 152,105 | - | 517,891 |
| Unearned revenues | 673,763 | (240,664) | - | 433,099 |
| | 200,865,522 | (70,881,415) | (5,939,095) | 124,045,012 |
| | P974,523,635 | P5,460,572 | P5,939,095 | P985,923,302 |

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.

| | 2016 | | 2015 | |
|-------------------|--------------------|--------------------|--------------------|--------------------|
| | Tax Base | Tax Effect | Tax Base | Tax Effect |
| NOLCO | P43,559,934 | P13,067,980 | P49,647,678 | P14,894,303 |
| MCIT | 725,383 | 725,383 | 272,493 | 272,493 |
| Impairment losses | 530,528 | 159,158 | - | - |
| | P44,815,845 | P13,952,521 | P49,920,171 | P15,166,796 |

The movements of unrecognized net deferred tax assets of the Group are as follows:

| | 2016 | 2015 |
|--|--------------------|--------------------|
| Balance at beginning of year | P15,166,798 | P15,283,191 |
| Unrecognized deferred tax asset during the year: | | |
| NOLCO | 3,435,980 | 1,993,660 |
| MCIT | 249,211 | 80,865 |
| Impairment losses | 159,158 | - |
| Previously recognized deferred tax asset derecognized during the year: | | |
| NOLCO | 1,597,008 | - |
| MCIT | 292,684 | - |
| Expiration of unrecognized deferred tax assets: | | |
| NOLCO | (6,859,313) | (2,080,638) |
| MCIT | (89,005) | (110,280) |
| Balance at end of year | P13,952,521 | P15,166,798 |

Details of NOLCO are as follows:

| Year Incurred | Expiry Date | NOLCO | Applied | | Expired Amount | Remaining Amount |
|---------------|-------------------|--------------------|----------------------|---------------------|----------------------|--------------------|
| | | | Prior Years | Current Year | | |
| 2016 | December 31, 2019 | P11,453,268 | P - | P - | P - | P11,453,268 |
| 2015 | December 31, 2018 | 9,238,502 | - | - | - | 9,238,502 |
| 2014 | December 31, 2017 | 23,141,865 | - | (273,701) | - | 22,868,164 |
| 2013 | December 31, 2016 | 25,099,745 | - | (2,235,373) | (22,864,372) | - |
| 2012 | December 31, 2015 | 23,467,809 | (16,532,350) | - | (6,935,459) | - |
| | | P92,401,189 | (P16,532,350) | (P2,509,074) | (P29,799,831) | P43,559,934 |

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 regular corporate income tax (RCIT) payable are shown below:

| Year Incurred | Expiry Date | MCIT | Applied | | Expired Amount | Remaining Amount |
|---------------|-------------------|-------------------|-------------------|--------------|-------------------|------------------|
| | | | Prior Years | Current Year | | |
| 2016 | December 31, 2019 | P249,211 | P - | P - | P - | P249,211 |
| 2015 | December 31, 2018 | 228,234 | - | - | - | 228,234 |
| 2014 | December 31, 2017 | 247,938 | - | - | - | 247,938 |
| 2013 | December 31, 2016 | 89,005 | - | - | (89,005) | - |
| 2012 | December 31, 2015 | 846,792 | (736,512) | - | (110,280) | - |
| | | P1,661,180 | (P736,512) | P - | (P199,285) | P725,383 |

20. Earnings Per Share

Earnings per share is computed by dividing the net income for the year by the weighted average number of outstanding shares of common stock during the year.

| | 2016 | 2015 | 2014 |
|---|----------------------|---------------|---------------|
| Net income attributable to equity holders of the Parent | P287,392,497 | P127,211,459 | P9,713,620 |
| Weighted number of shares outstanding | 2,498,991,753 | 2,498,991,753 | 2,498,991,753 |
| Earnings per share - basic and diluted | P0.115 | P0.051 | P0.004 |

There are no potentially dilutive shares as at December 31, 2016, 2015 and 2014. Accordingly, diluted earnings per share is the same as basic earnings per share.

21. Financial Instruments – Risk Management and Fair Values

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has 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, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, due from related parties, AFS investment, accounts payable and accrued expenses (except for local taxes and output VAT, withholding taxes and deferred income), other current liabilities, loans payable, and other noncurrent liabilities. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. 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 cash in banks, receivables and advances to related parties.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

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 as at December 31, 2016 and 2015 are as follows (in thousands):

| December 31, 2016 | Total | Neither Past Due nor Impaired | Past Due but not Impaired | | | | | Impaired |
|--------------------------|-------------------|--|---------------------------|-----------------|-----------------|---------------------|---------------|----------------|
| | | | <30 Days | 30 - 60 Days | 61 - 90 Days | 91 - 120 Days | > 120 Days | |
| Cash in banks | P159,804 | P159,804 | P - | P - | P - | P - | P - | P - |
| Receivables | 257,758 | 173,542 | 27,253 | 12,088 | 8,154 | 6,055 | 8,355 | 22,311 |
| Due from related parties | 1,939,282 | 1,878,097 | - | - | - | - | - | 61,185 |
| Total | P2,356,844 | P2,211,443 | P27,253 | P12,088 | P8,154 | P6,055 | P8,355 | P83,496 |

| December 31, 2015 | Total | Neither Past Due nor Impaired | Past Due but not Impaired | | | | | Impaired |
|--------------------------|-------------------|--|---------------------------|-----------------|-----------------|---------------------|---------------|----------------|
| | | | <30 Days | 30 - 60 Days | 61 - 90 Days | 91 - 120 Days | > 120 Days | |
| Cash in banks | P151,148 | P151,148 | P - | P - | P - | P - | P - | P - |
| Receivables | 233,726 | 151,284 | 27,479 | 12,188 | 8,222 | 6,105 | 8,424 | 20,024 |
| Due from related parties | 2,002,627 | 1,941,442 | - | - | - | - | - | 61,185 |
| Total | P2,387,501 | P2,243,874 | P27,479 | P12,188 | P8,222 | P6,105 | P8,424 | P81,209 |

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, 2016 and 2015 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 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 through 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 as at December 31, 2016 and 2015 based on contractual undiscounted payments (in thousands):

| December 31, 2016 | Total Carrying Amount | Contractual Undiscounted Payments | | | |
|--|-----------------------|-----------------------------------|-------------------|------------------|----------------|
| | | Total | On Demand | Less than 1 Year | 1 to 5 Years |
| Accounts payable and accrued expenses* | P1,329,383 | P1,329,383 | P866,356 | P446,608 | P16,419 |
| Loans payable | 375,000 | 375,000 | 375,000 | - | - |
| Other current liabilities** | 1,000 | 1,000 | 1,000 | - | - |
| | P1,705,383 | P1,705,383 | P1,242,356 | P446,608 | P16,419 |

*Excludes local taxes, output VAT and withholding taxes

**Excludes concessionaires' and other deposits, deferred income and advance rental

| December 31, 2015 | Total Carrying Amount | Contractual Undiscounted Payments | | | |
|--|-----------------------|-----------------------------------|-------------------|------------------|----------------|
| | | Total | On Demand | Less than 1 Year | 1 to 5 Years |
| Accounts payable and accrued expenses* | P1,327,719 | P1,327,719 | P806,553 | P504,731 | P16,435 |
| Loans payable | 496,030 | 503,317 | 375,000 | 128,317 | - |
| Other current liabilities | 1,000 | 1,000 | 1,000 | 399,732 | - |
| | P1,824,749 | P1,832,036 | P1,182,553 | P633,048 | P16,435 |

*Excludes local taxes, output VAT and withholding taxes

**Excludes concessionaires' and other deposits, deferred income and advance rental

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.

Since the Group's loan in U.S. dollar had been fully paid in March 2016, the Group is not anymore significantly exposed to changes in foreign currency exchange rates.

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 financial instrument that is exposed to interest risk is the interest-bearing funds made available by the Parent Company to WCCCHI to finance the construction of the Cebu City Hotel Project. Such funds were substantially sourced from a P375 million loan from SSS, as well as the stock rights offering of the Parent Company. The Parent Company is charging WCCCHI on the related interests and penalties on the contention that the latter benefited from the proceeds of the SSS loan (see Note 13).

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of ± 10 basis point in 2016 and 2015, with corresponding effect in equity. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's loans payable held at the reporting date. All other variables are held constant.

| Changes in Interest Rates (in Basis Points) | 2016 | |
|---|--------------|------------|
| | +10 | -10 |
| Net income | (P6,004,211) | P6,004,211 |

| Changes in Interest Rates (in Basis Points) | 2015 | |
|---|--------------|------------|
| | +10 | -10 |
| Net income | (P5,987,806) | P5,987,806 |

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.

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 which are listed in the PSE totaling to 86,710,000 shares as at December 31, 2016 and 2015.

The Group monitors the changes in the price of the shares of stock of WII. In managing its price risk, the Group disposes of 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 2016 and 2015. This analysis assumes an increase of 10% for 2016 and 2015 and a decrease of 10% for 2016 and 2015 of the equity price of the Group's AFS investment. All other variables are held constant:

| | 2016 | | 2015 | |
|--------|------------|--------------|------------|--------------|
| | 10% | -10% | 10% | -10% |
| Equity | P1,177,522 | (P1,177,522) | P1,274,637 | (P1,274,637) |

Fair Value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents, receivables, current portion of due from related parties, 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 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 investment was determined using the closing market price of the investment listed on the PSE as of December 31, 2016 and 2015.

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 2016 and 2015.

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 2016 and 2015. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statement of changes in equity.

The Group is not subject to externally-imposed capital requirements.

22. Lease Agreements with PAGCOR

The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was last renewed on March 21, 2011. Both leases expired on August 2, 2016.

APHC also has a lease agreement with PAGCOR covering 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 Area (402.84 sq.m.) for a total lease area of 12,696.17 sq.m. The lease agreement was last renewed on December 1, 2010 and expired on December 31, 2016.

The amortized cost of the refundable security deposits received by WCCCHI, WMCHI and APHC upon execution of the above lease contracts were determined by calculating the present value of the cash flows anticipated until the end of the lease term using the respective interest rates. The change in the present value and the amortization of the discount is recognized as part of "Interest expense" account in profit or loss and amounted to P19.01 million, P20.31 million and P19.13 million in 2016, 2015 and 2014, respectively. As the deposits do not have an active market, the underlying interest rates were determined by reference to market interest rates of comparable financial instruments.

As at December 31, 2016, the management of the Group is still negotiating with PAGCOR for the renewal of the leases. Currently, PAGCOR pays WCCCHI, WMCHI, and APHC rental of P24.05 million, P11 million, and P28.59 million, respectively, on a month-to-month basis.

Total rental income from the above PAGCOR lease contracts recognized in the statement of profit or loss and other comprehensive income amounted to P720.41 million, P691.99 million and P698.97 million in 2016, 2015 and 2014, respectively.

23. Other Lease Agreements

Group as Lessor

Lease Agreements with Concessionaires

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

Rent revenue recognized as part of "Rent and related income" in the consolidated profit or loss and other comprehensive income amounted to P85.29 million, P135.63 million and P116.55 million in 2016, 2015 and 2014, respectively.

Group as Lessee

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 under 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 payable to MCIAA are as follows:

| | 2016 | 2015 |
|----------------------------|---------------------|---------------------|
| Less than one year | P17,741,933 | P39,501,609 |
| Between one and five years | 60,341,346 | 164,552,853 |
| More than five years | 286,619,044 | 174,490,144 |
| | P364,702,323 | P378,544,606 |

Lease of Slot Gaming Machines

In 2007, Dynamo Atlantic Limited (Dynamo), a foreign corporation duly organized, existing and registered at the British Virgin Islands, entered into a Memorandum of Agreement (MOA) with Entertainment Gaming (Philippines), Inc. (EGP), for the lease of electronic gaming machines for installation and operation in Universal Park Mall Building located at Rizal Avenue, Sta. Cruz, Manila. Subsequently, Dynamo executed a deed of assignment in favor of MBI for the full authority and rights over the contract. The MOA was renewed several times, the latest of which was to expire in June 30, 2016.

As a result of the cessation of MBI's business operations effective July 1, 2016, the lease contract was no longer renewed.

Total rent expense for the aforementioned leases amounted to P47.93 million, P66.78 million and P86.74 million in 2016, 2015 and 2014, respectively, and are presented as "Rent" in profit or loss.

24. 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 P3.30 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. The Parent Company 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. The CTA En Banc decision promulgated on December 4, 2014 affirmed the VAT and EWT assessments. The EWT assessment was paid on March 3, 2013.

The CTA En Banc decision was appealed to the SC on February 5, 2015 covering the VAT assessment only. As at December 31, 2016, the Parent Company is still awaiting the SC's decision.

Management and its legal counsels believe that the position of the Parent Company is sustainable, and accordingly, believe that the Parent Company does not have a present obligation (legal or constructive) with respect to the assessment.

- b. APHC has an outstanding assessment with BIR for taxable year 2009 covering disputed assessment on VAT amounting to P42.00 million. A motion for reconsideration and a supplemental memorandum were filed with the BIR on April 15, 2014 and April 16, 2014, respectively. The assessment is pending evaluation by the BIR.

- c. WMCHI has a tax case involving VAT assessment for the taxable year 2006. The case was elevated to the CTA in 2011. In 2012, WMCHI 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. On September 15, 2015, the CTA reaffirmed the decision cancelling the VAT assessment.

In March 9, 2016, the BIR filed with the SC its motion for extension of time to file its appeal. As at December 31, 2016, WMCHI is still awaiting the SC's decision.

- d. *Acesite (Phils.) Hotel Corporation versus PAGCOR, et al.*
The case involved a Petition for Prohibition and Mandamus, with application for the issuance of a Temporary Restraining Order (TRO) and writ of preliminary injunction filed by APHC against PAGCOR and Vanderwood Management Corp. (VMC). APHC filed this case to assail PAGCOR's award to VMC of a procurement project entitled "Lease Space for a Casino Gaming Facility in Manila for a Period of Fifteen (15) Years" under ITB No. 09-16-2014 for being violative of the laws and rules on government procurement.

In a resolution dated June 18, 2015, Branch 36 of the Manila Regional Trial Court (the Court) denied APHC's application for TRO. APHC thereafter filed a "Motion for Reconsideration" on July 6, 2015. The said motion for reconsideration is still pending resolution.

PAGCOR and VMC filed their respective comments/answers to the APHC's petition. Subsequently, VMC filed its "Motion to Admit Attached Supplemental Comment/Answer with Compulsory Counterclaim" (the Motion to Admit) on August 10, 2015. APHC filed an opposition to VMC's Motion to Admit. The Court has yet to resolve VMC's Motion to Admit as at December 31, 2016.

- 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.

The Group is defendant in other legal cases which are still pending resolution. Management and legal counsels believe that the outcome of these cases will not have any material effect on the Group's financial position and financial performance.

25. Settlement of Tax Case with the Treasurer of City of Manila

The case arose from the notice of assessment issued by the Manila City Treasurer's Office on July 13, 2007 demanding APHC to pay for deficiency business tax for the years 2004 to 2006 totaling P45.58 million (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 APHC's hotel.

After the filing of the protest letters, petitions and appeals, the case was subsequently decided against APHC on January 9, 2014 by the CTA En Banc. Accordingly, APHC recognized a provision for P45.58 million in its books but proceeded to elevate the case to the SC.

On December 8, 2015, APHC executed a compromise agreement with the City of Manila wherein both parties agreed to the following terms: (1) APHC will pay the recomputed tax liability amounting to P5.84 million; and (2) upon ratification of the compromise agreement by the City Council of Manila, APHC shall cause the withdrawal of the the case pending before the SC.

The recomputed tax liability was paid by APHC on December 10, 2015. The provision set up for the amounting to P45.58 million was subsequently reversed in the consolidated statement of financial position and a gain on the reversal of provision amounting to P39.73 million was recognized as part of revenues under "Others" in the consolidated statement of profit or loss and other comprehensive income.

On January 12, 2016, the City Council of Manila passed a resolution ratifying the compromise agreement between the City of Manila and APHC.

26. Event After the Reporting Period

In relation to the Parent Company's case against SSS as discussed in Note 13, on February 27, 2017, a Second Notice to Appear was issued by PMCU-CA directing the representatives of the Parent Company and SSS to appear on February 27, 2017 at about 11 in the morning. However, the representatives of the Parent Company and the SSS again failed to appear. As a result, PMCU-CA will return the records of the case to the CA and the case will proceed unless the parties will request for another setting for mediation.

27. Significant Accounting Policies

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

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards starting January 1, 2016, and accordingly, changed its accounting policies. The adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to Philippine Accounting Standards (PAS) 16 and PAS 38)*. The amendments to *PAS 38 Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments to PAS 16, *Property, Plant and Equipment*, explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset – e.g. changes in sales volumes and prices.

- *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:
 - Information should not be obscured by aggregating or by providing immaterial information.
 - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
 - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
 - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Basis 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 NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Accounting for NCI

NCI represents the portion of profit or loss, OCI and the net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement 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 noncontrolling 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.

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 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 revenue is recognized:

Rooms

Room revenue is recognized based on actual occupancy.

Food and Beverage

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

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 Revenues

Other revenues are recognized upon execution of service or when earned.

Interest Income

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

Determination of whether the Group is Acting as a Principal or an Agent

The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the goods and services;
- whether the Group has discretion in establishing prices; and
- whether the Group bears the credit risk.

If the Group has determined it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Group has determined it is acting as agent, only the net amount retained is recognized as revenue.

The Group assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

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 nonderivative 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 statement of financial position) are classified as loans and receivables as at December 31, 2016 and 2015.

Cash, which includes cash on hand and in banks, is stated at face value. 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 which are subject to insignificant risk of change in value.

AFS investment is designated as such or does not qualify to be classified as financial asset at FVPL, HTM investments or loans and receivables. This investment, which is purchased and held indefinitely, may be sold in response to liquidity requirements or changes in market conditions. This only includes equity investments.

(b) Initial Recognition and Derecognition

Financial assets are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Regular way 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 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 investment is 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 OCI and are presented as "Fair value reserve" in the equity section of the consolidated statement 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 Group's AFS investment as at December 31, 2016 and 2015 is based on Level 1. Further information about the assumption made in measuring the recurring fair value of AFS investment is included in Note 8 to the consolidated financial statements.

(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 3 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 loss on AFS financial asset is recognized by reclassifying the loss 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 instrument 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 OCI.

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

These include liabilities 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.

The Group's financial liabilities categorized under other financial liabilities include interest-bearing loans, accounts payable and accrued expenses, refundable security deposits and related accrued interest.

(b) Initial Recognition and Derecognition

Financial liabilities are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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 and the net amount is reported in the consolidated statement of financial position 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 statement of financial position.

Inventories

Inventories are stated at the lower of cost and NRV. Cost incurred in bringing the inventories to their present location and condition is calculated using the weighted average 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.

Prepaid Expenses

Prepaid expenses represent expenses not yet incurred but are already paid. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequent to initial recognition, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepaid expenses are classified in the consolidated statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

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 effect) shown under the consolidated statement 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 "Deficit" 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 "Deficit" account, net of deferred tax effect.

All costs, including borrowing costs, which 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.

Fair Value Measurement

The Group's property and equipment as at December 31, 2016 and 2015 is based on level 3. Further information about the assumption made in measuring fair value of property and equipment is included in Note 9 to the consolidated financial statements.

Depreciation and Amortization

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

The estimated useful lives are as follows:

| | Number of Years |
|-----------------------------------|---------------------------------|
| Land improvements | 5 - 10 |
| Leasehold improvements | Shorter of lease term and 10 |
| 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 Nonfinancial 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 (CGU) 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 greater of the asset's fair value less costs of disposal and value in use (VIU). Fair value less cost of disposal 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 VIU, the estimated future cash flows are discounted to their present value using a pretax 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 CGU 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 nonmonetary 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 DBO 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 OCI. 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 DBO at the beginning of the annual period to the 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 Parties

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 KMP, 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 - Group as Lessor

Leases in which a significant portion of the risks and rewards of ownership is retained by the Group are classified as operating leases. Initial direct costs incurred in negotiating operating lease are added to the carrying amount of the leased asset and recognized over the leased term on the same basis as rental income. Rental 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.

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.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized under "Foreign currency translation differences for foreign operations" account in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of nonmonetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

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 in OCI.

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 tax, is recognized in profit or loss except to the extent that it relates to items recognized directly in equity and in OCI.

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 is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The deferred tax assets are reviewed at each reporting date and reduced, 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.

VAT

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Accounts payable and accrued expenses" accounts in the consolidated statement of financial position.

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.

Deficit includes accumulated results of operations as reported in the consolidated statement of comprehensive income.

Earnings Per Share

Basic earnings 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; when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when the inflow of economic benefits is probable.

Events After the Reporting Period

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.

New Standards, Amendment 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, 2016. However, the Group has not applied the following new or amended standards in preparing these consolidated financial statements. The Group has not yet accounted for and is assessing the potential impact of these, if any, on its consolidated financial statements.

To be Adopted January 1, 2017

- *Disclosure initiative (Amendments to PAS 7).* The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes – e.g. by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

- ***Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to PAS 12).*** The amendments clarify that:
 - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset;
 - the calculation of future taxable profit in evaluating whether sufficient taxable profit will be available in future periods excludes tax deductions resulting from the reversal of the deductible temporary differences;
 - the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
 - an entity assesses a deductible temporary difference related to unrealized losses in combination with all of its other deductible temporary differences, unless a tax law restricts the utilization of losses to deduction against income of a specific type.

To be Adopted January 1, 2018

- ***PFRS 9, Financial Instruments (2014).*** PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.
- ***PFRS 15, Revenue from Contracts with Customers,*** replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

- *Philippine Interpretation IFRIC-22 Foreign Currency Transactions and Advance Consideration*. The amendments clarifies that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognizes a non-monetary asset or liability before recognizing the related item.

To be Adopted January 1, 2019

- PFRS 16, *Leases*, supersedes PAS 17 *Leases* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68,
AS AMENDED (2011)
Schedule of Philippine Financial Reporting Standards (PFRS)
Effective as at December 31, 2016

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016 | | Adopted | Not Adopted | Not Applicable |
|--|---|---------------------|----------------|-------------------|
| Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics | | ✓ | | |
| PFRS 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 PFRS 2009 – 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards – Repeated Application of PFRS 1 | | | ✓ |
| | Annual Improvements to PFRS 2009 – 2011 Cycle: Borrowing Cost Exemption | | | ✓ |
| | Annual Improvements to PFRS 2011 – 2013 Cycle: PFRS version that a first-time adopter can apply | | | ✓ |
| | Annual Improvements to PFRS 2014 – 2016 Cycle: Deletion of short-term exemptions for first-time adopters | | | ✓ |
| | PFRS 2 | Share-based Payment | | |
| Amendments to PFRS 2: Vesting Conditions and Cancellations | | | | ✓ |
| Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions | | | | ✓ |
| Annual Improvements to PFRS 2010 – 2012 Cycle: Meaning of 'vesting condition' | | | | ✓ |
| Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions | | | | ✓ |
| PFRS 3 (Revised) | Business Combinations | | | ✓ |
| | Annual Improvements to PFRS 2010 – 2012 Cycle: Classification and measurement of contingent consideration | | | ✓ |
| | Annual Improvements to PFRS 2011 – 2013 Cycle: Scope exclusion for the formation of joint arrangements | | | ✓ |

ANNEX A

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016 | | Adopted | Not Adopted | Not Applicable |
|---|---|---------|----------------|-------------------|
| PFRS 4 | Insurance Contracts | | | ✓ |
| | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts | | | ✓ |
| | Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts | | | ✓ |
| PFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | | | ✓ |
| | Annual Improvements to PFRS 2012 – 2014 Cycle: Changes in method for disposal | | | ✓ |
| 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 | | | ✓ |
| | 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 | | | ✓ |
| | Annual Improvements to PFRS 2012 – 2014 Cycle: 'Continuing involvement' for servicing contracts | ✓ | | |
| | Annual Improvements to PFRS 2012 – 2014 Cycle: Offsetting disclosures in condensed interim financial statements | | | ✓ |
| PFRS 8 | Operating Segments | ✓ | | |
| | Annual Improvements to PFRS 2010 – 2012 Cycle: Disclosures on the aggregation of operating segments | ✓ | | |
| PFRS 9 | Financial Instruments | ✓ | | |
| | Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 | | | ✓ |
| PFRS 9 (2014) | Financial Instruments | ✓ | | |
| PFRS 10 | Consolidated Financial Statements | ✓ | | |
| | 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 | | | ✓ |
| | Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | | | ✓ |
| | Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception | | | ✓ |

ANNEX A

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016 | | Adopted | Not Adopted | Not Applicable |
|---|--|---------|----------------|-------------------|
| PFRS 11 | Joint Arrangements | | | ✓ |
| | 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 11: Accounting for Acquisitions of Interests in Joint Operations | | | ✓ |
| 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 | | | ✓ |
| | Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception | | | ✓ |
| | Annual Improvements to PFRS 2014 – 2016 Cycle: Clarification of the scope of the standard | | | ✓ |
| PFRS 13 | Fair Value Measurement | ✓ | | |
| | Annual Improvements to PFRS 2010 – 2012 Cycle: Measurement of short-term receivables and payables | ✓ | | |
| | Annual Improvements to PFRS 2011 – 2013 Cycle: Scope of portfolio exception | | | ✓ |
| PFRS 14 | Regulatory Deferral Accounts | | | ✓ |
| PFRS 15 | Revenue from Contracts with Customers | | | ✓ |
| PFRS 16 | Leases | | | ✓ |
| 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 PFRS 2009 – 2011 Cycle: Presentation of Financial Statements – Comparative Information beyond Minimum Requirements | | | ✓ |
| | Annual Improvements to PFRS 2009 – 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes | | | ✓ |
| | Amendments to PAS 1: Disclosure Initiative | ✓ | | |
| PAS 2 | Inventories | ✓ | | |
| PAS 7 | Statement of Cash Flows | ✓ | | |
| | Amendments to PAS 7: Disclosure Initiative | | | ✓ |
| PAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors | ✓ | | |

ANNEX A

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016 | | Adopted | Not Adopted | Not Applicable |
|---|--|---------|----------------|-------------------|
| PAS 10 | Events after the Reporting Period | ✓ | | |
| PAS 11 | Construction Contracts | | | ✓ |
| PAS 12 | Income Taxes | ✓ | | |
| | Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets | ✓ | | |
| | Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses | | | ✓ |
| PAS 16 | Property, Plant and Equipment | ✓ | | |
| | Annual Improvements to PFRS 2009 – 2011 Cycle: Property, Plant and Equipment – Classification of Servicing Equipment | ✓ | | |
| | Annual Improvements to PFRS 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38) | ✓ | | |
| | Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization | | | ✓ |
| | Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants | | | ✓ |
| PAS 17 | Leases | ✓ | | |
| PAS 18 | Revenue | ✓ | | |
| PAS 19 (Amended) | Employee Benefits | ✓ | | |
| | Amendments to PAS 19: Defined Benefit Plans: Employee Contributions | ✓ | | |
| | Annual Improvements to PFRS 2012 – 2014 Cycle: Discount rate in a regional market sharing the same currency – e.g. the Eurozone | | | ✓ |
| 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 | ✓ | | |
| | Annual Improvements to PFRS 2010 – 2012 Cycle: Definition of 'related party' | ✓ | | |
| PAS 26 | Accounting and Reporting by Retirement Benefit Plans | | | ✓ |
| PAS 27 (Amended) | Separate Financial Statements | ✓ | | |
| | Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities | | | ✓ |
| | Amendments to PAS 27: Equity Method in Separate Financial Statements | | | ✓ |
| PAS 28 (Amended) | Investments in Associates and Joint Ventures | | | ✓ |

ANNEX A

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016 | | Adopted | Not Adopted | Not Applicable |
|---|--|---------|----------------|-------------------|
| | Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | | | ✓ |
| | Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception | | | ✓ |
| | Annual Improvements to PFRS 2014 – 2016 Cycle: Measuring an associate or joint venture at fair value | | | ✓ |
| 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 PFRS 2009 – 2011 Cycle: Financial Instruments Presentation – Income Tax Consequences of Distributions | | | ✓ |
| PAS 33 | Earnings per Share | ✓ | | |
| PAS 34 | Interim Financial Reporting | | | ✓ |
| | Annual Improvements to PFRS 2009 – 2011 Cycle: Interim Financial Reporting – Segment Assets and Liabilities | | | ✓ |
| | Annual Improvements to PFRS 2012 – 2014 Cycle: Disclosure of information "elsewhere in the interim financial report" | | | ✓ |
| PAS 36 | Impairment of Assets | ✓ | | |
| | Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets | ✓ | | |
| PAS 37 | Provisions, Contingent Liabilities and Contingent Assets | ✓ | | |
| PAS 38 | Intangible Assets | | | ✓ |
| | Annual Improvements to PFRS 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38) | | | ✓ |
| | Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization | | | ✓ |
| 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 | ✓ | | |

ANNEX A

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016 | | Adopted | Not Adopted | Not Applicable |
|---|--|---------|----------------|-------------------|
| | 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 | | | ✓ |
| | Annual Improvements to PFRS 2011 – 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40) | | | ✓ |
| | Amendments to PAS 40: Transfers of Investment Property | | | ✓ |
| PAS 41 | Agriculture | | | ✓ |
| | Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants | | | ✓ |
| 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 | | | ✓ |
| | 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 | | | ✓ |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration | | | ✓ |
| SIC-7 | Introduction of the Euro | | | ✓ |

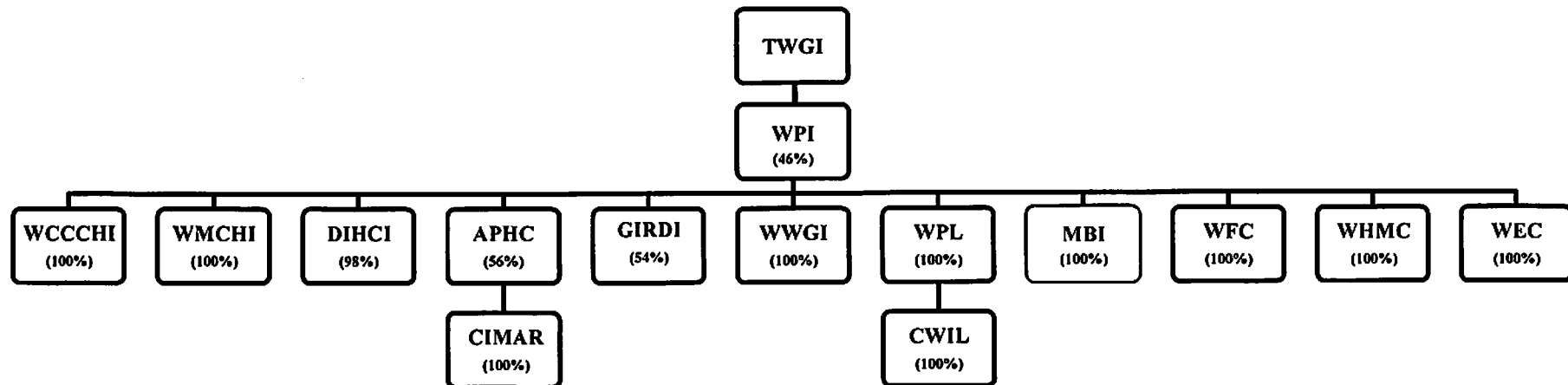
ANNEX A

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016 | | Adopted | Not Adopted | Not Applicable |
|---|--|---------|----------------|-------------------|
| 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 PFRS in full | | | ✓ |
| PIC Q&A 2007-02 | PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02] | | | ✓ |
| 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 | | | ✓ |
| 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 | | | ✓ |

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| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016 | | Adopted | Not Adopted | Not Applicable |
|---|--|---------|----------------|-------------------|
| 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 2013-02 | Conforming Changes to PIC Q&As - Cycle 2013 | | | ✓ |
| PIC Q&A 2013-03 (Revised) | PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law | | | ✓ |
| PIC Q&A 2015-01 | Conforming Changes to PIC Q&As - Cycle 2015 | | | ✓ |
| PIC Q&A 2016-01 | Conforming Changes to PIC Q&As - Cycle 2016 | | | ✓ |
| PIC Q&A 2016-02 | PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity | | | ✓ |
| PIC Q&A 2016-04 | Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts | | | ✓ |

**WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
 SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68, AS AMENDED
 Map of Conglomerate
 December 31, 2016**



LEGEND:

- TWGI - The Wellex Group, Inc.
- WPI - Waterfront Philippines, Incorporated
- WCCCHI - Waterfront Cebu City Casino Hotel, Incorporated
- WMCHI - Waterfront Mactan Casino Hotel, Incorporated
- 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. (formerly 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

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Required Under SRC Rule 68, As Amended (2011)
December 31, 2016**

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| C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements | <u>4</u> |
| D. Intangible Assets - Other Assets - <i>(nothing to report)</i> | <u>5</u> |
| E. Long-term Debt | <u>6</u> |
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WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2016
(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, 2015 | Income Received and Accrued |
|---|---|--|--|--------------------------------|
| Loans and receivables | | | | |
| Due from The Wellex Group, Inc. | P - | P861,550 | P861,550 | P12,553 |
| Due from Pacific Rehouse Corp. | - | 531,158 | 531,158 | 10,415 |
| Due from Crisanta Realty Development Corp. | - | 347,662 | 347,662 | - |
| Due from Philippine Estate Corp. | - | 92,054 | 92,054 | - |
| Due from Others | - | 45,673 | 45,673 | - |
| Cash on hand | | 18,084 | 18,084 | |
| Various Banks | - | 186,211 | 186,211 | 2,030 |
| Various Customers | - | 235,447 | 235,447 | - |
| Available-for-sale investment | 86,710 | 16,822 | 16,822 | - |
| | <u>P86,710</u> | <u>P2,334,661</u> | <u>P2,334,661</u> | <u>P24,998</u> |

See Notes 4, 5 and 8 to 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, 2016
(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. | P945,471 | P12,553 | P82,330 | P - | P861,550 | P - | P861,550 |
| Pacific Rehouse Corp. | 520,743 | 10,415 | - | - | 531,158 | - | 531,158 |
| Crisanta Realty Development Corp. | 332,797 | 332,797 | - | - | 7,465 | 340,197 | 347,662 |
| Philippine Estate Corp. | 92,054 | - | - | - | 92,054 | - | 92,054 |

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2016

| 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 | P1,560,525,056 | P - | P49,704,549 | P - | P1,510,820,507 | P - | P1,510,820,507 |
| Mayo Bonanza, Inc.* | 48,241,845 | - | 6,097,771 | - | - | - | - |
| Waterfront Wellness Group, Inc.* | 13,462,491 | 184,292 | - | - | - | - | - |
| Waterfront Food Concepts, Inc.* | 6,056,617 | - | - | - | - | - | - |
| Waterfront Hotel Management Corp.* | 88,611,186 | - | 1,303,556 | - | - | - | - |
| Waterfront Entertainment Corporation* | 6,773,031 | - | 6,680,884 | - | 92,147 | - | 92,147 |

*Allowance for impairment losses were provided on the outstanding balances

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2016

| <u>Description</u> | <u>Beginning balance</u> | <u>Additions at cost</u> | <u>Charged to cost and expenses</u> | <u>Charged to other accounts</u> | <u>Other charges, additions (deductions)</u> | <u>Ending Balance</u> |
|--------------------|------------------------------|------------------------------|---|--|--|---------------------------|
| | P - | P - | P - | P - | P - | P - |
| | - | - | - | - | - | - |
| | <u>P -</u> | <u>P -</u> | <u>P -</u> | <u>P -</u> | <u>P -</u> | <u>P -</u> |

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2016

| 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 |
|---------------------------------------|--------------------------------|---|--|
| Social Security System Loans Payable | P375,000,000 | P375,000,000 | P - |

See Note 13 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2016

| <u>Name of Affiliates</u> | <u>Balance at beginning of period</u> | <u>Balance at end of period</u> |
|---------------------------|---------------------------------------|---------------------------------|
| | P - | P - |
| | - | - |
| | P - | P - |

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2016

| 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, 2016

| <u>Description</u> | <u>Number of Shares authorized</u> | <u>Number of shares issued and outstanding</u> | <u>Treasury Shares</u> | <u>Number of shares held by affiliates</u> | <u>Directors, officers and employees</u> | <u>Others</u> |
|----------------------|--|--|----------------------------|--|--|----------------------|
| <u>Common shares</u> | <u>5,000,000,000</u> | <u>2,498,991,753</u> | <u>-</u> | <u>-</u> | <u>43,346,430</u> | <u>2,455,645,323</u> |

See Note 16 to the Consolidated Financial Statements.